

FINANCIAL TIMES

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D 8523 B

Nato issues swept under the carpet, Page 17

Asia ...	Sch. 18	Indonesia ...	Rp 7500	Peru ...	S/100
Bahrain ...	Dh 0.650	Italy ...	L. 1100	S. Africa ...	R/100
Belgium ...	Bfr 36	Japan ...	Y550	Singapore ...	S\$ 4.10
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France ...	F 225	Lebanon ...	L 1100	Taiwan ...	Nt 500
Germany ...	M 2.20	Luxembourg ...	L 36	Thailand ...	Bt 50
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Hong Kong ...	M\$ 12	Norway ...	Nkr 6.00	U.A.E. ...	Dh 6.50
India ...	Rs 15	Philippines ...	Php 20	U.S.A. ...	\$ 1.00

NEWS SUMMARY

GENERAL BUSINESS

German metal talks collapse

Talks between the metal-workers' union IG Metall and the employers' association, Gesamtmetall, over a 35-hour working week collapsed after the union rejected an offer for a 38-hour week for shift workers.

Engineering employers in the state of Hesse plan to lock out 26,300 workers from today, affecting nearly all large metal industry plants there. Page 2

Both Africa Prime Minister P. W. Botha arrived in Portugal on the first leg of his European tour. Chinese Premier Zhao Ziyang arrives in Paris today for a five-day visit to France. Page 2

Farmers protest
French farmers briefly barred the way of EEC agriculture ministers on a tour of inspection at Angers, western France, in a day of protests at Community farm policies which brought clashes between riot police and the demonstrators, said to number up to 35,000. Page 18

Coalition truce
After nearly three weeks of bickering, the five parties in Italy's coalition Government appear to have agreed on a truce to keep the Government in being until after the European elections on June 17. Election previews, Page 3

Anti-Arab trial opens
Israel's first trial in connection with a Jewish anti-Arab underground movement opened when a settler accused of transporting 50 stolen mines used by the group for explosives appeared in a Jerusalem court.

Albanians 'tortured'
Yugoslavia is torturing and terrorising ethnic Albanians in Kosovo province and has jailed Albanian children in a secret wave of arrests and trials, Albania's official news agency ATA alleged.

Vietnam oil find
A Soviet drilling ship struck oil at a depth of about 3,000m off southern Vietnam after more than three years of exploration.

'Hitler diaries' trial
The trial of two men accused of fraud in the 'Hitler diaries' forgery will open in Hamburg on August 21, said a lawyer for one of the defendants.

Pit strike arrests
More than 80 people were arrested and 64 injured in clashes between police and pickets in the UK coal dispute. Page 10

Landmine death
A British soldier was killed and a second seriously injured by a landmine in Northern Ireland, near to the border with the Irish Republic. The Provisional Irish Republican Army said it was responsible.

Polish spy trial
A Polish military prosecutor demanded prison sentences of 25 and 15 years for a Pole and a West German accused of spying for the U.S. Central Intelligence Agency.

Poli forecast
Voter turnout at next month's European Parliament elections is likely to be 64 per cent - only marginally higher than the 62 per cent in the first direct elections in 1979, according to a European Commission opinion poll.

Australia plans car industry cuts

AUSTRALIA'S Labor Government announced a major reorganisation of the country's automotive industry over the next eight years. It calls for reductions in the number of local manufacturers and locally-produced models. Page 18

COFFEE prices tumbled in London after a wave of trade and speculative selling. The July position dropped £12.5 to £2,320 a tonne. Page 36

WALL STREET: The Dow Jones industrial average was down 3.86 at 1,101.24 at the close. Report, Page 27. Full share prices, Pages 28-30, 33

LONDON financial markets were quiet after the long weekend break. The FT Industrial Ordinary index closed down 1.7 to 826.2. Chief price changes, Page 30; Details, Page 31; Share information service, Pages 32-33

TOKYO stock market rebounded despite a record margin debt with the Nikkei-Dow average up 47.93 to 10,163.97 on increased turnover of 247m shares. The Stock Exchange index added 3.26 to 793.81. Details Page 27; Leading prices, Page 30

DOLLAR improved slightly to DM 2.73 (DM2.725), FF 8.4125 (FF 8.385), SwFr 2.257 (SwFr 2.245) and Y21.17 (Y21.15). Its Bank of England trade-weighted index rose to 131.3 from 130.9. In New York it closed at DM 2.71, SwFr 2.24, FF 8.44 and Y23.17. Page 37

STERLING moved up 10 points to \$1.386. It also improved to DM 2.7875 (DM 2.7725), FF 11.655 (FF 11.605), SwFr 3.13 (SwFr 3.1125) and Y32.125 (Y32.075). Its trade-weighted index also improved to 79.9 from 79.4. In New York it closed at \$1.38. Page 37

GOLD gained \$1 in London to \$385.75. It closed in Frankfurt and Zurich at \$385.75. In New York the June Comex settlement was \$385.50. Page 36

SKIS ROSSIGNOL, leading French sports equipment group, expects a 40 per cent boost in earnings this year to about FF 40m (\$47m). Page 19

ITALIAN insurance companies Assicurazioni Generali, IAS and Toro Assicurazioni announced increased profits for 1983. Page 19

VOLVO, biggest Nordic region industrial corporation, lifted first quarter profit before tax by 154 per cent to SEK 2.8bn (\$33.5m), a record performance. Page 20

BMW, West German car and motorcycle maker, is losing revenue of between DM 50m (\$1.6m) and DM 60m a day as a result of the metal-workers' strikes, according to chief executive Eberhard von Kuenheim. Page 19

The editorial content of today's international edition has been restricted because of continuing industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. over-the-counter and Canadian share prices.

Reagan invokes special powers in Saudi arms sale

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

The U.S. has sent 400 Stinger anti-aircraft missiles and one extra tanker aircraft to bolster Saudi Arabia's defences against possible air attack.

President Ronald Reagan used special emergency powers to authorise the sale - without waiting for Congressional approval - because of a growing threat to Saudi Arabia and the West's oil supplies, the State Department said yesterday.

Saudi Arabia would decide how to deploy the shoulder-fired Stingers, and their 200 launchers, according to the department. Strict safeguards had been agreed with the Saudi authorities to prevent the weapons from falling into the wrong hands. The Administration stressed that the equipment would be used by Saudi Arabia strictly for defensive purposes and that U.S. personnel were not expected to be involved in combat in the Gulf. The KC-10 tanker aircraft would be in addition to the three American aerial tankers already used by Saudi Arabia to refuel its fleet of five Airbus early-warning aircraft.

The Pentagon said the four tankers, all flown by Americans, could be used to refuel either the Awacs or Saudi Arabia's F-15 fighters to allow them to mount longer patrols. The refuelling operations would take place in Saudi air space, probably over land.

The Saudi forces are also to receive an advance shipment of special, previously ordered fuel tanks to lengthen the F-15's flying time, as well as ammunition and spare parts for American equipment already in their possession. Officials said the Administration had not, however, approved the sale of bomb racks for the F-15s, long sought by Saudi Arabia but strongly opposed by Israel.

The State Department said the U.S. action was in response to a dramatic escalation in the Gulf war in recent days - bringing the fighting close to key petroleum and other facilities. There was a "demonstrated threat" to shipping and a "potential threat" to the oil facilities.

The decision is nevertheless coming under criticism in Washington both from supporters of Israel and those who fear that U.S. forces will eventually be drawn into the Gulf fighting.

Kathy Evans adds from Tehran: Efforts by Syria to ease the tension in the Gulf may have paid off at least temporarily, reliable informants close to Damascus said in the Iranian capital. At the same time, Iran is putting all the pressure it can on the Gulf states.

A meeting last weekend in Riyadh between Mr Abdel Halim Khaddam, the Syrian Vice-President, and King Fahd of Saudi Arabia resulted in a Saudi undertaking to try to persuade Iraq to call off its attacks on oil tanker traffic in the Gulf, the Syrians claim.

Regan call to limit debt, Page 4

Miners' strike hits UK trade figures

By Max Wilkinson in London

EXTRA OIL imported to combat the effects of the British miners' strike helped to push Britain's trade account into a record deficit in April, official figures showed yesterday.

The deficit on trade in goods rose from £227m (\$313.2m) in March to £388m last month. This was offset by an estimated surplus of £250m in invisible trade in both months leaving a deficit on the current account of £588m for April.

It is estimated in Whitehall that £100m of that deficit resulted from increased imports of oil, largely as a result of the switch to oil-fired power stations from those which would have been burning coal.

A further £150m of the deficit is thought to reflect a rapid build-up of stocks by oil companies in response to fears that the Iran-Iraq war might close the Gulf to shipping.

The overall surplus on oil trade fell to £370m in April compared with an average of £770m a month in the first quarter of the year. Oil exports fell about £200m compared with the average for the early part of the year, while imports rose about £140m.

The large current account deficit in April also reflected a record deficit on non-oil trade, caused by high imports. The April deficit on non-oil trade in goods reached £12bn compared with an average of about £800m in the first three months of the year.

The figures show, however, that exports are still running at a high level, with the volume of non-oil exports 2% per cent higher in the three months to April compared with the level in the previous three months.

The volume of non-oil imports was up 2 per cent in the same period and reached a record in April, which was 13 per cent higher than the average for 1983.

Although the trade figures are notoriously erratic from month to month, with large swings in the current account balance, non-oil imports and exports have shown a steady and persistent tendency to increase.

The average level of non-oil exports in the three months to April was 8 per cent higher than the average for last year while non-oil imports rose 9 per cent.

Markets report, Page 27; London Stock Exchange, Page 31; Currencies, Page 37

Pressures on interest rates ease, Page 10

Japan, U.S. agree on yen package

BY JUREK MARTIN, FAR EAST EDITOR IN TOKYO

JAPAN yesterday formally committed itself to making its currency more widely available to international investors and to a gradual relaxation of controls over its domestic capital markets.

The package, the fruit of four months of sometimes bitter negotiations with the U.S., also opens a number of opportunities to foreign financial institutions both in Japan itself and in their freedom to handle yen-denominated international issues.

Although a formal statement issued by the two finance ministers, Mr Noburo Takeshita and Mr Donald Regan, the U.S. Treasury Secretary, refers to "significant, far-reaching actions which will have a lasting, positive effect on the yen-dollar rate," senior Japanese officials doubt that the impact will be either immediate or necessarily very large.

Mr Tomomitsu Oba, the deputy Finance Minister and chief Japanese negotiator with the U.S., said last night that he thought the yen might depreciate in the short term before recovering later. "We are not doing this in order to strengthen the yen," he added, "but to promote economic efficiency and fulfil our international responsibilities."

In many respects, the package is noteworthy for the extent to which the two sides agreed to disagree (on how the Japanese Government debt should be funded, for example and on the impact on interest rates of the U.S. deficit) as well as for the success of Japan in resisting specific U.S. demands for more radical action.

Thus Japan has done no more than commit itself in the most general terms to studying the removal of the withholding tax on earnings by non-residents from Euroyen bonds issued by Japanese residents. It also flatly refused to consider removing the tax for domestic investments, and it made no promise to establish a fully-fledged domestic Treasury bill market.

Though the package covered much well-trodden ground it includes a number of specific measures which may make Japan a more attractive proposition for international institutions and investors. These include: allowing for *eiwa* banks, acting either on their own or in collaboration with Japanese trust banks, to handle Japanese pension funds. This market is worth ¥14 thousand billion (\$60bn).

Continued on Page 18

Editorial comment, Page 16; Details, Page 19

Bonn and Paris to study joint spy satellite plan

BY DAVID MARSH IN PARIS

FRANCE and West Germany have agreed to study a joint project to build military observation satellites for the 1990s which would be used, among other purposes, to help to support France's nuclear strike force.

The accord, reached during the two-day Franco-German summit meeting which ended in Paris yesterday, is the most far-reaching in a range of military, technical and political collaboration agreements which include building an anti-tank helicopter and the abolition of customs formalities between the countries.

Summing up the result of the discussions at a press conference held in the chateau of Rambouillet, south-west of Paris, President Francois Mitterrand said "real progress" had been made in Franco-German links, especially in the area of harmonising standards for bilateral technology trade.

Chancellor Helmut Kohl said the talks, which laid down a tough Paris-Bonn line in the quarrel over Britain's EEC budget contribution ahead of next month's Fontainebleau summit, were particularly fruitful.

The military helicopter deal will result in orders worth DM 7bn (\$2.5bn) for French and West German industrial groups led by Aerospatiale of France and Munich-based Messerschmitt Boelkow Blohm.

The accord, for a total 427 helicopters of three models to be shared between the two armies, is seen as a particularly important step after the failure of the previous Paris and Bonn governments to agree on a joint tank project in 1980.

The announcement of the ending of customs formalities - which Mitterrand said would become effective "very shortly" - is a key symbolic step in the countries' efforts to broaden links. It remains to be seen, however, how the agreement will fit in with tough French border regulations covering illegal immigration, terrorist activity and exchange controls.

The French and West German Defence Ministries, which have developed close relations in recent months in strategic policy areas and the weapons procurement fields, will be forming study groups to examine further joint military developments.

Apart from the military observation satellite, these include joint production of new generations of anti-ship and anti-aircraft missiles.

Continued on Page 18

Nato strategy, Page 17

Financier tries to oust Disney board

BY TERRY DODSWORTH IN NEW YORK

MR Saul Steinberg, the U.S. financier and owner of Reliance Financial Services, took the first step yesterday in a bid for boardroom control of Walt Disney Productions.

In a filing with the Securities and Exchange Commission Reliance disclosed that it intended to seek shareholder approval for the removal of the Walt Disney board.

The move follows a filing last week in which Mr Steinberg, who owns 12.2 per cent of Disney, indicated that he might acquire up to 49.9 per cent of the entertainment group through a tender offer, merger, or open market purchases.

Wall Street's initial reaction to yesterday's Reliance announcement was to mark down Disney's shares by \$3 to \$64 1/2 valuing the company at \$2.2bn.

The company's stock was heavily traded last week, when indications of Mr Steinberg's intentions emerged, along with suggestions that he was working with other investors to mount a bid for Disney.

In an earlier announcement yesterday Marriott Corporation, the hotels company, denied speculation that it was intending to join a group to acquire Disney stock.

Disney refused to comment yesterday on Mr Steinberg's action, but the company has taken steps to defend itself from an unwelcome takeover attempt by acquiring the Arvida property company for \$200m in shares.

The Arvida deal has been attacked by some Disney shareholders as an attempt to make the company less appealing to outsiders, because it will mean both the issuing of extra shares and the assumption of additional debt.

Mannesmann to cut steel pipe production after profits fall

BY JAMES BUCHAN IN BONN

MANNESMANN, the West German engineering group, is to cut production of large-diameter steel pipes by a third from this autumn in a drastic response to a shrinking and difficult market.

The group, which has already announced a cut in dividend from 12 per cent to 8 per cent for 1983, saw net profits tumble last year from DM 280m to DM 96m (\$35.3m). Problems with the pipe division are expected to be a burden on profitability this year, although group turnover could pick up the 15 per cent drop it suffered last year.

The misery in Mannesmann's core activity comes at a time when the group has yet to digest a set of acquisitions in electronics, data processing and telecommunications in a policy of "internal balancing of risks", according to Herr Franz Josef Weisweiler, chief executive.

Following boom years in 1981 and 1982, orders for pipe last year fell by a quarter after the collapse in the U.S. of a speculative boom in earnings for oil drilling ("oil-country tubulars").

The divisions' turnover fell 23 per cent to DM 4.7bn, while production fell only 9 per cent, indicating the extent to which Mannesmann was selling under price to maintain capacity. "We could have predicted the fall last year, but not its size or the collapse in prices," Herr Weisweiler said.

Ironically, the pipe division is working now at full capacity, although largely on orders from the Soviet Union and China with weak or no earnings potential. In a climate of intense competition in foreign markets, and with new capacity in Italy and Japan, Mannesmann has decided to retrench.

This year, Mannesmann expects recovery in the two other divisions which incurred losses last year - Demag, the heavy engineering subsidiary whose 1983 turnover fell 12 per cent to DM 2.9bn; and its Brazilian operation, down 37 per cent to DM 757m largely because of currency weakness.

Group external sales in the first quarter rose 9 per cent over the first quarter of 1983 to DM 3.2bn. Group orders in the first four months were up 26 per cent.

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EUROPEAN NEWS

Lock-outs spread to Hesse today

BY RUPERT CORNWELL IN BONN

EMPLOYERS in the West German state of Hesse last night finalised plans to lock out 26,300 workers from the first shift this morning as talks seeking a solution to the country's 18-day-old engineering strike dragged on.

But with both sides, outwardly at least, sticking obstinately to their positions, chances of a breakthrough seemed slight. Herr Ernst Eisenmann, leading the IG Metall delegation, said yesterday he was "not very optimistic."

Peaceful welcome for Botha in Portugal

BY DIANA SMITH IN LISBON

MR F. W. BOTHA, the South African Prime Minister, yesterday began a day and a half of talks with Portugal's Socialist Party government on the first leg of his European tour.



Mr Botha (right) reviews a Lisbon guard of honour with Sr Soares

He was expected to discuss with President Antonio Ramalho Eanes of Portugal and Sr Mario Soares, the Prime Minister, the changing situation in southern Africa after the Nkomati treaty with Mozambique and the ceasefire with Angola, both former Portuguese colonies.

Those of the far left, displaying towards emigrants, facilitated a quiet, demonstration-free welcome to Mr Botha here yesterday.

Portugal is striving to find a role in Africa after it relinquished its colonies a decade ago. Efforts to strengthen ties with the two largest ex-colonies, Mozambique and Angola, through greater trade, supply of contracted workers and modest credit lines, have been more successful in Mozambique than in Angola.

Mr Botha's trip will also take him to Britain, West Germany, France, Austria, Italy, Switzerland and Belgium.

Irish get balance of payments gap wrong

By David Davin Power in Dublin

THE IRISH Government's economic strategists are assessing the damage done to their policy assumptions by the revelation that the country's foreign payments deficit has been hugely underestimated for the last five years.

The shortfall—which means that last year's deficit was, in fact, £683m (£702m) and not £550m—is due to the Central Statistics Office having failed to question foreign companies operating in the Republic closely about the profits they repatriate.

The revelations, which came as no surprise to the Government, caused a considerable embarrassment to the coalition government, which had pointed to its success in reducing the deficit to 2.5 per cent of the GNP last year.

Now they must reconcile themselves to 6.5 per cent, and will have to withstand strong protests from trade unions, which will point to the level of repatriated profits as evidence of a lack of official control over the activities of foreign companies.

Craxi coalition halts bickering until after European elections

BY JAMES BUXTON IN ROME

AFTER nearly three weeks of ferocious public bickering, the five parties in Sig Eustino Craxi's coalition government in Italy appear to have agreed to control their differences sufficiently to keep the Government in being until after the European elections on June 17.

There could be at least a cabinet reshuffle, and it is possible that the government will fall—even if it is succeeded by another administration under the socialist Sig Craxi.

A crude attack on Sig Giovanni Spadolini, the Republican Party leader and former prime minister, alleged that he had shown fascist sympathies in newspaper articles he wrote in 1944.

Norway intervenes to halt civil service strike

BY FAY GJESTER IN OSLO

NORWAY'S GOVERNMENT intervened yesterday to halt an escalating dispute by civil service and local government employees.

The Government has stopped both conflicts by referring them to arbitration by the state wages board. It is entitled to do this if a dispute becomes so widespread as to affect the national interest.

Spain rejects EEC fishing proposals

By Tom Burns in Madrid

SPANISH OFFICIALS yesterday termed EEC proposals on the future of Spanish fishing within the Community as "utterly unacceptable."

Mr Martin made a 20-minute, reportedly abrupt meeting in Brussels on Monday with Community negotiators, who informed him of the proposals. He said that the official Spanish response to the terms would be explained to the European Commission when the Community ministers meet on June 19.

Spain on current enlargement timing, hopes to complete entry negotiations in September and become a Community member in January 1990.

Further proposals, contested by Madrid, concern a 25 per cent cut in the catch of Spain's fishing fleet, and an increase in fish imports by Spain from the Community.

Philips to market VHS recorders

By Walter Ellis in Amsterdam

PHILIPS, the Dutch electronics group, is to market VHS format video cassette recorders (VCRs) throughout western Europe from the autumn as rivals to its own V2000 system.

This acceptance of the popular Japanese format in the heartland of Philips' production, could spell the end for V2000.

At the end of March, Mr Cass van der Klugt, vice-president of Philips, said that VHS machines would be intended in Europe for the UK market only, which has long since opted for VHS. The V2000 model, he said, would remain the sole Philips standard in the rest of western Europe.

News that this is no longer the case is another setback for Philips' long fight to secure a European VCR standard. It also means that, at best, V2000 has but a limited future.



M. Badinter... wins political consensus

approval with relative ease. Throughout the process of drawing up the new legislation, M. Badinter and the Socialist Government have been open to amendments and changes to their original proposals. This has inevitably watered down the reforms, but it has also meant easy passage.

Comecon summit on June 12

By Christopher Schmidt in Warsaw

TWO GROUPS of Polish government advisers have clashed over farm prices policy in a dispute with important political implications in view of the continuing shortages of meat and a population notably resistant to food price rises.

The Government is to review farm prices on July 1. Any increase decided, then entails a growth in food industry subsidies and the prospect of consumer food price rises which General Wojciech Jaruzelski, the country's military leader, has recently denied are imminent.

Nato ministers assess prospects for dialogue

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN WASHINGTON

NATO FOREIGN ministers began a five-day meeting here yesterday afternoon to discuss the prospects of a more constructive dialogue with the Soviet bloc despite the deterioration in East-West relations.

The ministers are expected to endorse a review of East-West relations—the first by Nato for nearly 15 years—which they commissioned last December.

Cabinet dispute delays Dutch decision on cruise

BY WALTER ELLIS IN AMSTERDAM

INCREASING confusion has developed over the shape of the Dutch Government's likely decision next month on the proposed deployment of cruise missiles in the Netherlands.

A variety of alternatives to straightforward deployment has been advanced by the interim ally-split Christian Democrat wing of the Cabinet, but all have failed to find favour with the Liberal left, which is continuing to demand unwavering acceptance of all 49 missiles.

E. Europe states to keep ties with West

By Leslie Collett in Berlin

EAST GERMANY and Hungary, the most active among Warsaw Pact countries in their contacts with the West, have indicated that they intend to continue this policy, despite worsening relations between Washington and Moscow.

West German officials have expressed concern that the Soviet Union may be preparing to drop its goodwill towards Bonn. The Soviet media have been sharply criticising West Germany for an alleged revival of franchising and Mr Andrei Gromyko, the Soviet Foreign Minister, gave a cool welcome to Herr Hans-Dietrich Genscher, the West German Foreign Minister, during his recent visit to Moscow.

East Germany, however, has elevated to the ruling Politburo its senior official responsible for relations with West Germany since the early 1970s, Herr Herbert Haebler. In an address to the Central Committee of the Communist Party, he said East Germany's policy to improve relations with the West was "correct and worthwhile."

Mr Gyula Horn, head of the Foreign Affairs Department, of the Hungarian Communist Party's Central Committee, said on Budapest television that Hungary will continue, with unchanged intensity, its close ties with Western nations.

Mr Robert Badinter, the reformist French Socialist Minister of Justice, is pushing new legislation through parliament to give what he calls "a breath of humanity" to the French bankruptcy laws.

Bankruptcy law: Socialist France puts on a human face

Paul Betts explains why new legislation has had an easy ride through Parliament

MR ROBERT BADINTER, the reformist French Socialist Minister of Justice, is pushing new legislation through parliament to give what he calls "a breath of humanity" to the French bankruptcy laws.

In sharp contrast to his other landmark legal designs such as the abolition of the death penalty and the introduction of a four-year statute of limitations, Badinter has won wide political consensus for this idea. Bankers have inevitably expressed vicarious relief that the legislation will make it harder to get money back when a company goes bust and bankrupts.

Bankruptcy law has been rising steadily in France. The number in small and medium sized enterprises, which constitute the great majority of cases, has risen more quickly than the number of similar enterprises being created. In 1983 bankruptcies of small and medium-sized concerns grew by 10.2 per cent over 1982 while new enterprises increased by only 3.3 per cent.

A total of 22,708 companies went bankrupt in France last year, double the number a decade ago and triple 20 years ago and the rate has not abated this year.

The Government believes the existing legislation is no longer suited to today's economic environment. Under the current system it takes an average of between two and four years of complex legal procedure to settle a bankruptcy case.

The new emphasis will be on helping companies in difficulties, at a time of heavy and increasing unemployment. The first part of the legislation consists of a series of measures to try to prevent a company from filing for bankruptcy. These range from improved and more regular reporting practices of company accounts to tighter auditing standards and requirements.

also introduced to enable a company and its creditors to try to work out an out-of-court solution before being forced to make a formal bankruptcy filing.

The second and third parts of the new system are designed to shorten, simplify and rationalise the existing bankruptcy procedures as well as doing away with the bankruptcy receivers and replacing them with a new breed of officials.

and M. Badinter has abolished the controversial article 59 of the existing legislation which places a presumption of guilt on the executive of a failed company.

This article has inhibited many businessmen from filing for bankruptcy at an early stage, because of fear of possible criminal prosecution. In turn, this has often meant that by the time a company comes before a court it is too late to work out a credible recovery or reorganisation plan.

Three different types of officials. The receivers were responsible for all aspects of a bankruptcy filing, from organising a recovery plan to the eventual liquidation of a company's assets.

The last and fourth part of the reform, which still has to be approved by the cabinet and parliament, involves the structure of the bankruptcy courts. This sector should also win

EUROPEAN ELECTION

UK parties in search of poll issues

By Peter Riddell, Political Editor

THE CAMPAIGN in Britain has spluttered into its second full week with the main parties still looking for themes and issues which can be sustained for more than a morning's news conference.

The Conservatives yesterday challenged Labour candidates to say whether they intended to stay in the EEC and they attacked the alleged frivolity of the Labour campaign. Labour spokesmen concentrated on employment issues, while the Alliance offered a message of "hope" for Europe.

Mr John Selwyn Gummer, the Conservative chairman, yesterday said that from public statements so far only six out of the 73 Labour candidates wanted Britain to remain a member of the EEC.

Labour has so far defused the issue by sticking to its policy agreed last October that the question of withdrawal cannot arise until after the next general election when it would only be one among a number of options depending on the position then.

Mr Gummer also attacked last night's party political broadcast featuring the actress Prunella Scales.

On the same theme, Dr David Owen, the SDP leader, dismissed the Labour campaign as a "song and dance act."

Some Labour leaders are privately worried about this point and believe that Mr Neil Kinnock, the party leader, has become involved in too many gimmicky promotions.

The parties clashed yesterday on employment. Stressing the pro-EEC aspects of Labour's approach, Mr Roy Hattersley argued that a Labour Government would "put our country back to work much more quickly if we are part of a Socialist Europe committed to the expansion of the whole European economy."

Mr Tom King, the Employment Secretary, claimed that 2.5m existing jobs in Britain depended on trade with the EEC. It later emerged that this figure reflected the proportion of Britain's exports going to the EEC and Mr Gummer admitted that not all the jobs would be lost after withdrawal.

Lorraine: Caught in the eye of the storm that has swept through Europe's smoke-stack industries

Steel closures will dominate poll



the heart of the campaign," says M. Roland Favaro, who heads the Communist list in the region.

In the rivalry between the Communists and Socialists, which is one of the major domestic factors in the election, the Communists hope to rob the Socialists of support by proclaiming their opposition to the steel plan.

But, notwithstanding the rhetoric, anger is slowly giving way to resigned acquiescence. To the surprise of most local politicians the Left retained control of the municipality of Thionville — only a stone's throw from Gandrange in a by-election on May 20.

"Everyone is tired of the (steel) conflict," says Senator Jean-Marie Rauch, President of the regional council and the most prominent opposition politician in Lorraine. The truth is also that the opposition finds itself embarrassed in criticising closures that it initiated during the mid-

and late 1970s when in power under President Giscard d'Estaing.

Mme Simone Veil, who heads the opposition list for the European elections, has said that the closures are in the right direction.

As a result of that piece of apolitical honesty, the opposition have decided against holding a rally for her in Lorraine but are offering her a dinner for 200 in Metz.

In the crisis that has struck Europe's smoke-stack industries, whose wealth has been built around steel and coal, Lorraine now feels itself at the eye of the storm. It is part of the troubled industrial belt that spreads into neighbouring

Luxembourg, Germany and Belgium.

It has already shed 60,000 jobs in the last eight years, and expects that the 20,000 now to go in steel will have a ripple effect through the coal sector and the engineering industries that have lived off steel.

It is losing population at the rate of 13,000 a year, faster than any other region in France.

The pain has been that much more acute in that much of Lorraine was a latecomer to the Industrial Revolution. The giant steel works that hug the valley of the Fensch date only from the high point of French economic expansion to the 1960s.

At that period, the steelmasters of Lorraine were stretching their hands across Europe to gather in workers from Italy, the French Midi and Brittany to what was hailed as the "Texas" of France.

Lorraine's population was estimated then to rise to 3.5m

by 1985. Now it is 2.3m and diminishing as the migrants head back home.

Lorraine is still a microcosm of Europe's contradictory blend of shared history and of nationalist rivalries — with the anomalies these bring.

A great many people speak both French and German and the architecture of towns such as Metz and Nancy is influenced by both cultures.

Some 20,000-23,000 Frenchmen cross the border each day to work in West Germany or Luxembourg. But varying customs and price levels mean that the French step into Luxembourg to buy their petrol and drink, while the West Germans come to France for food and clothing.

Proximity has forced some co-operation at a regional level between the countries which straddle this crossroads. Luxembourg, Lorraine and the Saar have joint commissions to co-ordinate policies over roads,

pollution and ecology.

Senator Rauch, as Mayor of Metz, is promoting Lorraine as a European electronic centre. The development is important in helping Lorraine turn over a fresh page and shed its image of a decaying smoke-stack region.

Traditionally, Lorraine has voted to the centre or the right. The pattern began to change in the 1960s as the steel and coal industries expanded and the Communists gained a foothold in towns such as Longwy.

In the European elections, the joint RPR-UDF opposition list is presenting the vote as a chance to censure President Mitterrand's administration.

Locally, as nationally, they hope to pick up votes as a result of grievances over failed promises, declining purchasing power and the private schools controversy.

But as much as a government-opposition tussle, the election is also a test of strength between Communists and Socialists to determine the balance of forces on the Left.

The Socialists kick off the campaign in an uneasy position because four of the Socialist deputies in Lorraine resigned from the Socialist group in the National Assembly in protest against the steel closures.

The Communists are hoping to cash in on their attacks on the government's more unpopular policies to strengthen their share of the vote.

"If we can obtain 15 per cent of the votes, while the Socialists get only 23 per cent," says M. Favaro, "then we will have considerably narrowed the gap between the two parties."

Campaign organised from jail

By Hilary Barnes in Copenhagen

DENMARK'S ANTI-TAX Progress Party presented its television election programme for the European campaign last night without the participation of the top candidate on its list, Mr Aegens Glistrup.

He is serving a three-year prison sentence for tax frauds and the prison governor has refused to give him leave of absence to take part in the election campaign.

At the last election in 1979, the Progress Party's Mr Kai Lind won one of Denmark's 16 seats in the Strasbourg assembly. He subsequently resigned, however, and is not standing again.

If Mr Glistrup is elected, the Folketing (Danish Parliament) is certain to declare his election void on the grounds that he is not a fit person to take his seat.

Although Mr Glistrup was absent from last night's television presentation, there was no mistaking his hand behind the election appeal.

"It is dangerous to elect the super-Europeans who don't care if Danes have to pay two or three times as high a VAT contribution in the next few years to finance all the paper aerobatics which the EEC is so good at inventing," it declared.

A vote for the Progress Party, it concluded, "will stop the EEC tax screw, fight the paper-pushing and strengthen a free agriculture, free fisheries and free business."

SHEFFIELD: RECRIMINATIONS OVER INDUSTRIAL DECLINE

'Pavement politicians' wave red flag at businessmen

A WOMAN with tightly curled brown hair shook an empty cardboard box at the Conservative candidate for the Sheffield European constituency, Sheffield has been a Labour stronghold for years, so any Tory standing in front of a supermarket has to expect some abuse.

But the angry words hurled by the women were not what Mr David Grayson had expected. "Until they get that lot out of Town Hall, it is no use. They all want shooting. It is a Red city. It is no use."

Sheffield is not a Red city, but it is a sharply divided city. The divisions have grown out of feelings of anger and mourning over the demise of the Sheffield steel industry, a collapse which has helped to make an unemployment rate of around 20 per cent, with some 45,000 local people now on the dole.

The two sides blame each other for the collapse. Translated into polite terms, the arguments boil down as follows: local government leaders say that industry failed to make the necessary investments to keep Sheffield competitive. Local businessmen point the finger at Labour, saying that high wages and high Manning levels made them unproductive in the world

marketplace. Both sides blame the government for lack of support.

This debate continues as both sides aim to improve Sheffield's lot. Amid this, the European elections emerge as a very small football. Even so, it is one which more than a few locals are willing to kick.

To Mr Bob Cryer, Sheffield's Labour candidate for the European Parliament, the EEC was another major reason for Sheffield's collapse. He has been opposed to Britain's membership of the EEC since the start and says that it has been a "disaster for Britain" as well as Sheffield. He says that other members have not played fairly on steel capacity cuts, to the detriment of Sheffield workers.

Mr Cryer is a tall, friendly politician with the polished manner of a man who spent nine and a-half years at Westminster until he lost his seat in the last general election. Despite his opposition to Britain's EEC membership he dispenses criticism that he is only filling in time until a suitable by-election comes up.

He sees the race as a chance to prove Labour's increasing popularity over the Conservatives nationally. "We need to be

successful, to be ready for the next onslaught of the Tories. This is really part of the continuing struggle of the labour movement," he says.

In Sheffield, Labour has been successful for years. But beginning around six or seven years ago, the moderate Labour party leaders on the council were gradually unseated by a group of young activists anxious to bring more community and social services to Sheffield.

Called "pavement politicians" by prudging admirers from the opposition both within and without their party, these councillors supported a popular cheap bus service for the poor and aged, stepped up leisure events and grants for small local businessmen. To sponsor the new programmes—similarly to their political cousins in the Greater London Council—the Sheffield council raised rates (local property taxes) throughout the city.

Local businessmen are incensed, believing that the increased rates keep new businesses away and prevent expansion. But their reactions have not yet been channelled into a strong political opposition.

problems has to be spread right across the spectrum. I believe that management has to succeed in the given environment. People bleat, but the government here, and Mrs Thatcher's government, were democratically elected."

Carla Rapoport

David Housego

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May 1984

AMERICAN NEWS

U.S.-Canada relations 'set to improve' post Trudeau

By Bernard Simon in Toronto

RELATIONS between the Reagan Administration and Canada will almost certainly improve after Prime Minister Pierre Trudeau leaves office next month, according to Mr Paul Robinson, the U.S. Ambassador to Ottawa.

The ambassador's remarks reflect widely held expectations among businessmen, especially foreign investors, of more receptive policies under a post-Trudeau Government.

Mr John Stolk, president of Gulf Canada, a subsidiary of Gulf Oil of the U.S., forecast earlier this week that Canada's controversial national energy programme (NEP), which aims to increase domestic ownership of oil and gas deposits, will be significantly revised after the next federal election, no matter which party wins.

The NEP and other efforts by the Trudeau Government to increase Canada's economic independence have at times strained relations with the U.S. The Reagan Administration has also been irritated by Mr Trudeau's high profile "peace missions" to reduce superpower tensions.

Elections are due to be held in Canada before next February. A precise date will probably be fixed soon after the ruling Liberal Party chooses a new leader, and thus a new Prime Minister, at a convention on June 16.

According to Mr Robinson, closer U.S.-Canada ties are likely to be established if the Liberals or the opposition Progressive Conservative Party. He said that the two leading contenders for the Liberal leadership, Mr John Turner, the former Finance Minister and Mr Jean Chretien, and Mr Brian Mulroney, the leader of the opposition, all "have an honest understanding of business and the realities of this world... like defence, and the future relationship cannot help but improve."

Mr Robinson said that the rate of increase in Canada's defence spending is "bound" to increase under the next government, particularly if it is a conservative one.

Meanwhile, an opinion poll published yesterday indicates that the Conservative Party still leads the Liberals, but confirms that the gap between the two is steadily shrinking.

Hugh O'Shaughnessy reports on a revival of activity after last year's U.S. invasion Grenada on the runway to a new political life

LIKE AN accident victim slowly regaining consciousness, Grenada is returning to political normality. After the momentous events of last October, the crisis within the Left-wing Government, the arrest and murder of Mr Maurice Bishop, the Prime Minister, and the subsequent U.S. invasion, Grenadians turned their backs on politicians.

Now, the feeling of helplessness is wearing off, and parties and aspiring leaders have been jockeying for position in advance of the elections which Mr Paul Scoon, the Governor-General has promised before the end of the year. Conversely, the interim administration provided by Sir Paul and his Advisory Council has been showing signs of weariness at the thankless task of running the island without the benefit of explicit public support.

Airport provides dynamism

Despite a continuing U.S. presence and Washington's firm political backing, it has been an austere year for the small island of 110,000 people. The 1984-85 budget just introduced by the Council shows a reduction of 17 per cent in expenditure to \$78m from last year's level of \$94.2m.

Mr Nicholas Braithwaite, chairman of the Advisory Council, announced at the weekend that Grenada is not pursuing its bid to have a \$14.1m loan from the International Monetary Fund which was suspended at the time of the invasion, reinstated.

Ironically, it is the much needed but much criticised international airports which is continuing to provide jobs and dynamism for the economy, as it did under the Left-wing regime of the late Mr Maurice Bishop. The airport is being completed with U.S. help and is due to be inaugurated by President Ronald Reagan on or about the first anniversary of the invasion, according to contractors.



Gen Hudson Austin (left) and Mr Bernard Coard (right) — two of the problems far and

to deposit in an open archive and to publish in part. The documents being sifted by the Reagan Administration include confidential ones relating to Mr Bishop's New Jewel Movement Government. The Grenadian interim administration has demanded their return from the U.S. Government, which sees in their publication an outstanding opportunity of making political capital at the expense of the Grenadian Left.

No less bothersome is the argument over the fate of Mr Bernard Coard, Mr Bishop's former deputy, Gen Hudson Austin, leader of the short-lived Revolutionary Military Council which took power after Mr Bishop's murder, and a dozen other Left-wing political figures who have been detained since the invasion.

They are now being charged, but defence lawyers are arguing that Sir Paul and his council have no authority to make them stand trial. The lawyers' arguments raise thorny legal questions about the precise standing

of the interim administration. The advent of TNT, a new party grouping, has meanwhile made political life—metaphorically at least—more explosive. The Team for National Togetherness seems likely to do best in the forthcoming elections. Its base is the old established middle of the road Grenada National Party of former Premier Herbert Blaize.

It also includes the more conservative Grenada Democratic Movement of Mr Francis Alexis, who is reported to have strong U.S. contacts, and the National Democratic Movement of Mr George Brizan who was once an associate of the late Mr Bishop. Despite Mr Blaize's age and health problems, TNT is likely to do much better than the Grenada United Labour Party, the vehicle of Sir Eric Gairy.

Mr Gairy, the stormy petrel of Grenadian politics, was ousted by Mr Bishop's N.J.M. in March 1979, but returned to the island in January this year

and powers of the interim administration. The advent of TNT, a new party grouping, has meanwhile made political life—metaphorically at least—more explosive.

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Despite Mr Blaize's age and health problems, TNT is likely to do much better than the Grenada United Labour Party, the vehicle of Sir Eric Gairy.

clearly eager to resume a political career. Despite the clear evidence of gross misconduct given by an official court of inquiry into his period as Prime Minister, he retains some loyalty among older Grenadians.

Supporters of the old N.J.M. are surveying the conditions for a relaunch of the party on Democratic Socialist lines, free of Mr Coard. Three former N.J.M. Ministers, Mr George Louison, Mr Kendrick Radin, and Mr Lyden Ramdhanny, together with Mr Fennis Augustine, former Grenadian High Commissioner in London, have been backing the establishment of a foundation for the late leader.

Set up in St George's the island's capital, the foundation includes a small museum and archive. Its success will give a pointer to how revamped Left-wing policies will be received by Grenadian voters.

U.S. troops still on island

Three hundred U.S. troops remain on Grenada, with detachments of police and soldiers from the Caribbean islands whose governments collaborated in the October invasion. Britain is playing a big part in training the police force, which should be able to take on security responsibilities after the foreign troops quit the island early next year.

For its part, the Reagan Administration is likely to keep the island very much in its sights. As the President's projected visit to Grenada indicates, he will be wanting to present last year's invasion of the island as one of the high points of his first term of office.

Peru seeks to reschedule \$1.046bn of foreign debt

By Hugh O'Shaughnessy and Margaret Hughes

PERU IS seeking to reschedule \$1.046bn in principle and interest due to foreign governments between now and the end of July next year according to Sr José Benavides, the Economics Minister. He is to meet representatives of Western creditors at the "Paris Club" in the French capital on Monday and Tuesday of next week.

It is understood that Peru is also seeking renegotiation of some \$300m due to countries in the Soviet bloc.

The Government is seeking to reschedule its immediate liabilities over 10 years with a five-year grace period.

Peru is expected to have difficulty in meeting the criteria set by the International Monetary Fund in exchange for the \$344m stand-by credit agreed at the end of April.

Latest statistics indicate that inflation this year is running at an annual rate of around 120 per cent and observers in Lima predict that the Government will fall short of limiting the Government deficit to 4.1 per cent of Gross National Product agreed with the Fund last month.

In the export sector Peru is hoping that unsettled conditions in the Middle East will nudge

up the price of the country's mineral exports, notably silver. The Government is confident also that the Fund will not brusquely withdraw support even if Peru is unable to meet all the agreed targets.

During the summit meeting of Latin American foreign and finance ministers scheduled to take place next month Peru is expected to join in strong criticism of the recent rise in U.S.

interest rates because of the effect they are having on Peru's ability to service its foreign debt. Meanwhile, the agreement to reschedule \$2.6bn of commercial bank debt falling due this year and next is dependent on Peru reaching agreement with its foreign government creditors through the Paris Club. Syndication of the commercial bank rescheduling package is due to be completed by late June.

Regan call for governments to limit debt role

By Reginald Dale, U.S. Editor in Washington

GOVERNMENTS should stay out of future international debt negotiations and allow negotiations to be reached between debtor countries and the commercial banks, Mr Donald Regan, the U.S. Treasury Secretary, said yesterday. Governments could offer general guidelines, but should play no more than an "oversight" role unless a crisis prompted their intervention, he said.

Heads of government at next month's seven nation London economic summit should indicate their "sensitivity" on the debt problem, but should not get into specifics, or preempt negotiations that should be conducted by the banks, Mr Regan said. If governments were insist on solutions and losses were incurred, "who would pick up the losses, the governments or the private banks?" he asked.

Mr Regan said that the U.S. delegation in London would also be reduced to the minimum. Countries that the U.S. regulatory agencies were keeping a very sharp eye on the U.S. banking system and would see that the system as a whole would not be "shaken." That is not to say that individual banks may not have to merge

or be merged," he added. The U.S. was as "upset" as its partners over high interest rates, which were likely to "overshadow" the summit, Mr Regan said. He acknowledged that there was still a widespread fear that the U.S. would monetise its deficit in an inflationary manner. Rates would start coming down, however, as the markets became reassured by the Administration's restrained fiscal and monetary policies and inflation fears subsided.

A "down payment" on the budget deficit should be agreed in Congress by mid-July, Mr Regan said. Meanwhile, the Administration would continue to ensure that the Federal Reserve supplied enough money to sustain economic growth without over-heating.

Mr Regan would not reveal details of the Administration's plans for further deficit reductions next year. He insisted, however, that those who did not believe that the deficit could be reduced were wrong — just as the Administration's critics had made "incorrect" assessments of its ability to achieve strong and sustainable growth. The expanding economy would also help to reduce the deficit by increasing government revenue, he said.

Big push to take Nicaraguan rebel stronghold

By Tim Coone in Managua

HEAVY FIGHTING has been taking place in the north of Nicaragua between Government troops and U.S.-backed guerrillas of the FDN (Nicaraguan Democratic Forces) seeking to overthrow the ruling Sandinistas. Sandinista forces have been using heavy artillery, multiple rocket launchers, light aircraft and several battalions of troops in an offensive aimed at dislodging a "regional command" of about 1,000 guerrillas from a stronghold in the north of the department of Jinotega near San Jose de Bocay.

Lawyers bring fraud suit against Pinochet

A GROUP of Chilean lawyers on Monday brought a law suit against President Augusto Pinochet alleging possible fraud and conflict of interest in the purchase of land for his private country house, reports Reuter from Santiago. The lawyers said they were also appealing against the decision of an appeal court judge who ruled last Friday that he did not have the constitutional authority to try the President. The suit against the right-wing President, and an aide-camp, concerns plots of land adjoining the President's house

Mubarak wins poll in campaign dominated by apathy

By Charles Richards in Cairo

PRESIDENT MUBARAK'S ruling National Democratic Party (NDP) staggered to its wholly predictable victory in parliamentary elections. The NDP won 391 out of 448 assembly seats. The new WAFD party emerged as runners-up with about 15 per cent of the vote, giving it about 50 seats in the new 443 seats of the elected parliament. The three other opposition parties appeared to have failed to obtain the required 8 per cent of the popular vote to win any seats.

Acts of violence marred the polling with one opposition candidate shot dead by ruling NDP supporters in the upper Egyptian town of Luxor. A number of ballot boxes were burnt and opposition parties complained their party workers were not permitted to observe the casting of votes.

"The tampering, irregularities, and violence by the ruling party were committed openly and without shame," said the veteran WAFD leader, Mr Foad Serageldin, complained.

To a great extent, however, the Ministry of the Interior did ensure the elections were freely and fairly conducted. Another break with tradition was the candid reporting of the very low turnout: Only about one in four of the 12.6m registered voters (out of a population of 44m) cast their vote in any of the 23,000 polling

stations in 48 electoral districts. In Cairo, where enthusiasm for elections was noticeably lower, only 12,000 were reported cast. The failure to dispel apathy and cynicism about the representational process is a blow for Mr Mubarak, especially since he had appealed directly to the public on the eve of the poll.

Egypt's political system by tradition and under the constitution, is based on General De Gaulle's fifth French republic and concentrates power and decision making in the hands of the president.

Parliament serves only as an arena for debate. Ministers may be appointed from outside parliament and are answerable to it. A small opposition presence, itself split between WAFD traditionalists and Muslim brothers, will do little to prod ministers out of their complacency. Few expect major changes after the election.

Political sources expect Mr Mubarak will take steps to strengthen the structure of his party to create the power base he still lacks nearly three years into his presidency. The public perceives him as a military man, but as a former air force officer he cannot count on the support of the much larger and more powerful army. A reinforced party, however, could go some way to acting as a counterweight to the broadening military establishment.

Palestinian deaths after bus hijack 'a mishap'

By Lynne Richardson in Tel Aviv

MR YITZHAK Shamir, the Israeli Prime Minister, called the incident in which two Palestinians were bludgeoned to death by Israeli security forces, "a mishap" in an interview with the Hebrew daily Yediot Aharonot. Mr Shamir also told the Knesset foreign affairs and defence committee yesterday that the defence forces usually perform their duties honourably but that on this occasion there had been a deviation from accepted norms.

The two Palestinians died after hi-jacking a bus in Israel last month. An investigating commission found that the two men had died as a result of blows to the head after arrest. Two others were shot dead by troops during the storming of the hi-jacked bus.

Mr Yitzhak Rabin, former Prime Minister and a one-time chief of staff in the Labour government, called for a re-education programme "in the army, in the schools and in the public" to prevent any recurrence of such incidents. Speaking on Israel Radio, he called the act "intolerable." Those responsible should "bear all the consequences," he added.

The Israeli police and Criminal Investigation Department are to set up a special investigating team to decide who had direct responsibility for the deaths. Monday's investigating commission statement said the two men were dealt severe blows during the taking of the bus, allegedly to prevent them detonating a bomb reportedly on the bus. At least one of the two was able to walk off the bus unaided. The blows that killed him, and possibly his companion, occurred in a field where the two were taken for interrogation.

It is not clear from the published excerpts of the report why the area was not evacuated if a bomb was believed to be on the bus, or if the terrorists survived long enough to be interrogated. Mr Moshe Arens, the Defence Minister, who released the commission's findings, flew to the U.S. yesterday to take part in celebrations marking Israel's independence day to be held in New York and will meet Mr Caspar Weinberger, the U.S. Defence Secretary, in Washington.

Colin Chapman explains Hawke's method of winning support from business and unions The benefits of burning the midnight oil

SENIOR Australian Ministers are now confident that three crucial but controversial aspects of Hawke Government strategy will pass virtually unscathed through the policy-making conference of the Australian Labor Party in July.

The three issues are uranium mining, the licensing of foreign banks, and an acceptance that a loss in workers' real wages in the past two years can be made up through tax cuts rather than a "catch-up" in wage claims.

In the case of uranium mining, a compromise is expected to be reached so that selected developments can go forward on the grounds that Australia is more likely to be able to influence the use to which uranium is put if it is a supplier. Sales to France will be banned while that country continues to explode nuclear devices in the South Pacific.

The left wing of the Labor Party, which until now has been implacably opposed to uranium mining, has made a substantial shift in its stance. A draft resolution for the conference still wants all new mines and export sales banned, but would permit the fulfilment of existing contracts.

The Cabinet, which now has majority support on the ALP executive over the issue, thinks that the issue should be expanded, allowing the Government to provide export licences to any mine, with these licences subject to stringent nuclear non-proliferation safeguards. The uranium debate at the party conference is now likely to centre on the maintenance

of these safeguards, and Mr Bob Hawke, the Prime Minister, is expected to announce the establishment of a permanent uranium commission and a code of standards to protect Australian workers.

Compromise on the other two economic issues has been harder to reach, and has provided the first real test of Mr Hawke's consensus politics. It has also meant that the Government's strategy for the August budget has been worked out in the open rather than in traditional Australian secrecy.

For example, at a meeting of the newly formed Economic Planning Advisory Council, a body which groups Government, union and business leaders, Mr Paul Keating, the treasurer, indicated that the federal budget deficit will be cut from this year's estimated A\$9.4bn (£5.4bn) to just below A\$7bn and that there will be cuts in personal income tax. One meeting does not produce a consensus, however, and there have been burning day and night in the cabinet room in Canberra's Parliament House.

The approach has been that of the seminar, rather than the lecture theatre. Persuaded by the members of the Martin Committee, which looked into the licensing of foreign banks for full operations in Australia that he should go ahead, Mr Keating arranged for the committee to spend several hours putting the arguments to the Parliamentary Labour Party's economic committee. The time and effort is paying

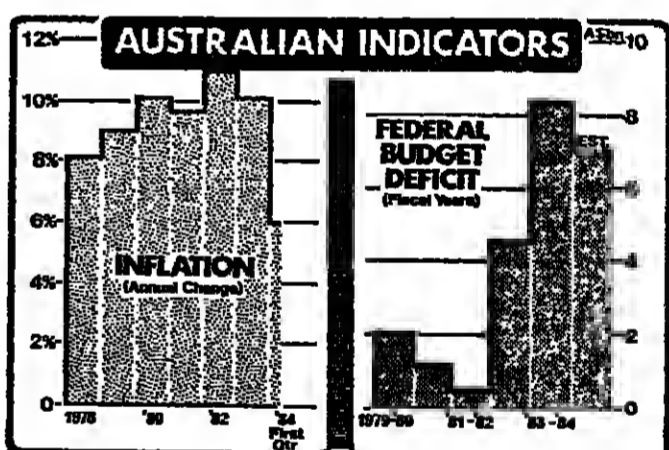
off, the ACTU is likely to accept a regulatory package which endorses Mr Keating's earlier action to free the exchange rate and scrap controls, and which also authorises the admission of foreign banks subject to Australian participation.

By far the most important consensus—and the hardest to forge—has been the continuation of the accord with the ACTU.

So far the ACTU has agreed to accept a six-monthly wage rises in line with the rise in the consumer price index, and to pursue its "catch-up" claim for the 9.2 per cent lost in the Fraser Government's 12-month wage freeze imposed in 1982 over a period of time.

Outside observers may not feel that this agreement will achieve much of a reduction in inflation or an improvement of the competitiveness of Australian industry. But, by clever manipulation, the Hawke Government has been able to substantially cut inflation over the next nine months, by which time there will have been another federal election.

The manipulation involves the introduction of Medicare, a limited national health scheme funded by a 1 per cent levy on income tax. The levy does not feature in the consumer price index, as did contributions to private health funds, the previous form of health cover for most Australians. The effect so far on the index has been dramatic—in the March quarter



there was an actual reduction of 0.4 per cent. When the next index-linked wage rise comes through in October it is likely to be no more than 1 per cent, pulling the annual rate of inflation down to below 5 per cent by the end of this year.

Some union leaders have argued that this will therefore be a propitious time to pursue their "catch-up" claim for the lost 9.2 per cent, but again attention to detailed discussion by Mr Keating has been successful in deterring them. The carrot he held out was a cut in income tax in the August budget, with a joint working party of the ACTU and the Government to decide the nature of the tax cuts.

Barring unforeseen circumstances, the tax cuts will be a

direct trade for the "catch-up," and the ACTU will concentrate its muscle on pursuing a national pension scheme funded by increases in productivity now prevalent throughout much of industry.

Industry bodies and employer organisations have criticised the budget deficit and objected to the ACTU being a privileged party in the cuts consultation. But the Government points to the situation whereby real gross domestic product fell by 2.7 per cent in the financial year ended June 1983, compared with the deficit year when it will have risen by 4 per cent.

Even those businessmen who are instinctive political opponents of labor have been won over by a similar process of continuous consultation.

Libyan 'suicide squads to attack camps in Sudan'

LONDON—Libyan People's Congresses have decided to form suicide squads to destroy sabotage and assassination training camps set up in neighbourhoods in Sudan, the Libyan official Jana News Agency said yesterday.

The agency, monitored in London, said the camps had been set up by Sudanese President Jaafar Nimeiri. It quoted the newspaper Al-Zawq Al-Akhdar (Green March) published by Libya's revolutionary committees as the source for its report. It has alleged that mem-

bers of an armed group captured by security forces in Tripoli three weeks ago confessed they were recruited by the U.S. Central Intelligence Agency (CIA) with British cooperation for large-scale sabotage in Libya.

Libyan Justice Minister Mr Furtah Kuaibe has said the group comprised members of the fundamentalist "moslem brotherhood" who had been recruited in West Germany, the U.S. and Britain and were trained at a camp in Sudan's Mandara area. Reuter

Philippine opposition to support crisis strategy

By Emilia Tagaza in Manila

THE major opposition party in the Philippines has indicated it would not block austerity measures attached to the awaited SDR615m standby credit from the International Monetary Fund.

Mr Salvador Laurel, president of the United Nationalist and Democratic Organisation (UNIDO), said that at the party caucus yesterday, the debt crisis dominated the agenda. Commenting on austerity measures being implemented by President Ferdinand Marcos' ruling party, Mr Laurel said: "In matters of economic problems, we should put our heads together in trying

to solve them." The move comes after an unexpectedly strong opposition performance in the May 14 parliamentary election.

UNIDO's position will reassure the Government and foreign creditors, who were concerned that the opposition party might channel dissatisfaction over austerity measures. The IMF facility, which will determine an international rescue package for the country's \$23bn foreign debt, has attached conditions including a third peso devaluation in a year, drastic cuts in government spending and higher taxes.

Soviet oil strike off Vietnam

MOSCOW—A Soviet drilling ship has struck oil off the coast of Southern Vietnam after more than three years of exploration, Tass news agency reported.

It said the prospecting vessel Mikhail Marchink discovered a bed of oil and gas at a depth of about 3,000 metres (10,000 feet) last Saturday.

"The success of the Soviet and Vietnamese opens up new prospects for the development of the oil producing industry of Vietnam," Tass said. It added that work had now been speeded up on construction of a stationary offshore drilling platform. Reuter

New Zealand imposes interest rate controls

WELLINGTON—The New Zealand Government yesterday imposed a new round of interest rate controls on the country's financial institutions.

Prime Minister and Finance Minister Sir Robert Muldoon announced that all new retail lending will be limited to no more than 15 per cent interest for the next three months. The rate applies to retail banking operations, including building societies for home loans, life insurance companies and pension funds.

Other lenders, including finance companies and private individuals, will be limited to charging 17 per cent for loans until the end of August.

Home loans are already restricted to 11 per cent for first mortgages and 14 per cent for second mortgages.

Sir Robert said the regulations were necessary because lending institutions refused to go along with a Government directive to reduce rates voluntarily.

Sir Robert said the Government wants to bring interest rates in line with the Government rate of 10 per cent. He said companies that borrowed at high rates "will be squeezed in their profit margins and that will mean they will have to drop their borrowing rates. AP-DJ

Handwritten signature or mark at the bottom of the page.

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lets you pile on near maximum torque from 2,700 rpm all the way up to 5,500 rpm, from first to fifth.

So it's as smooth as it's swift. Its low, taut suspension has been specially tuned. Combined with the latest Michelin MXV low profile tyres, it easily holds its own in tight corners.

What's stopping you? A totally new braking system, with ventilated front discs, and strong servo assistance to boot.

Thirst for power, however, hasn't

led to a powerful thirst. Better than any of its rivals, the 205 GTI can return over 50 mpg at a constant 56 mph.

Happily, running costs were the only economies we considered. Elsewhere, we've been positively lavish.

Alloy wheels. Twin halogen driving lamps in the front spoiler. Tinted glass. A radio/stereo cassette. Six dial instrument cluster, including oil temperature and pressure gauges. Reclining front sport seats, with

headrests. Dividing seats in the rear (It can turn into an estate car behind your back.) Black and red ribbed velour upholstery. Deep red carpets throughout. All standard.

(Electric front windows, and central locking are an optional extra.)

Despite all of the above, the 205 GTI is a surprisingly modest car in one important respect.

It costs just £6,295.

No wonder we can't make them fast enough.

PEUGEOT 205

PEUGEOT 205 GTI: TOP SPEED - 118 MPH. 0-60 MPH - 9.2 SECS. (MANUFACTURER'S FIGURES). OFFICIAL D.O.E. FIGURES. AT A CONSTANT 56 MPH - 50.4 MPG (5.6 L/100 KM). AT A CONSTANT 75 MPH - 38.7 MPG (7.3 L/100 KM). SIMULATED URBAN DRIVING - 32.5 MPG (8.7 L/100 KM). PRICE QUOTED EXCLUDES NUMBER PLATES, ROAD TAX AND DELIVERY AND IS CORRECT AT TIME OF GOING TO PRESS. UK DOMESTIC SALES ONLY.

TECHNOLOGY

REMOTE SENSING SATELLITE CENTRE OPENS AT SILSOE, BEDFORD

Where space images come to earth

BY DAVID FISHLOCK, SCIENCE EDITOR

LOCAL FARMERS invited to visit a new £500,000 facility at Silsoe college near Bedford are seeing their fields through new eyes. Researchers at the Cranfield College of Technology are introducing their visitors to maps of their land they have made by remote sensing from satellites, turned by computer into images that can reveal such intelligence as drainage patterns, land erosion, or the health of the crop.

The Royal Society has called civil remote sensing "an enabling technology with an importance in some way approaching that of information technology (to which it is closely related) or biotechnology."

The Silsoe facility is the first of two "outstations" of the National Remote Sensing Centre at Farnborough, which receives and processes satellite imagery. The outstation—the other is in Scotland, at the Macaulay Institute for Soil Research—are aimed at applications for remote sensing in the agricultural industry. Both are government funded; each will do its own research but both will be available to other university researchers.

Silsoe's aim is to build on research into rural land use the college has been doing in its land resource planning laboratory for 15 years, mostly for governments, and mostly overseas. The techniques will now be extended to Britain, says Brian May, professor of agricultural engineering and head of Silsoe College. "It's very impressive when you've got a prince from Saudi Arabia and you can show him his farms."

Most visitors are "fascinated by the possibilities," he says, although some will deny that any satellite ever passes over their homeland and cannot understand how the images might have been obtained.

The college is adding the new techniques of remote sensing to a background of photogrammetry for map-making based on aerial photography.

The government's investment, mostly from the Department of Industry, has purchased a GEMS interactive display system for computer analysis of satellite data, read-out facilities, and an air-conditioned laboratory for the storage of 700 magnetic tapes.

This data bank carries six channels of information.

The centre, run by Maurice Keech, is staffed with two academics and two support staff. They offer courses to firms wanting to train their own people in remote sensing. "We'd much rather do this," Prof May says. "It leaves his staff free to pursue their own research. Trained staff can also use the facility themselves to interpret the images."

He says the college has been inundated by requests to use the new facility. The plan is to run it as a business, selling a service to consultants, for example, who want to include the data in packages they themselves are marketing.

Farnborough sets the charges, which work out at £26 per hour. The standard short-course activity connected with the use of the facility is £45 per person for the beginners one-day workshop; and £110 per person for the advanced one-day workshop.

Some idea of the potential of remote sensing is gained from a pilot study at Silsoe, using hand-held instruments, which showed that they could predict crop yield in winter wheat

during crop senescence. The researchers used radiometers to measure the spectral reflectance of the crop in the infrared and red wavebands.

They combined the values to produce a "vegetation index," which was found to fall linearly with time during the senescence period. The rate of fall was proportional to the final yield of the crop.

The explanation is that the higher yielding crops maintain chlorophyll activity longer and then ripen more rapidly than the less healthy, lower-yielding crops. The next stage of research is to see whether the same technique will hold good if used from an aircraft.

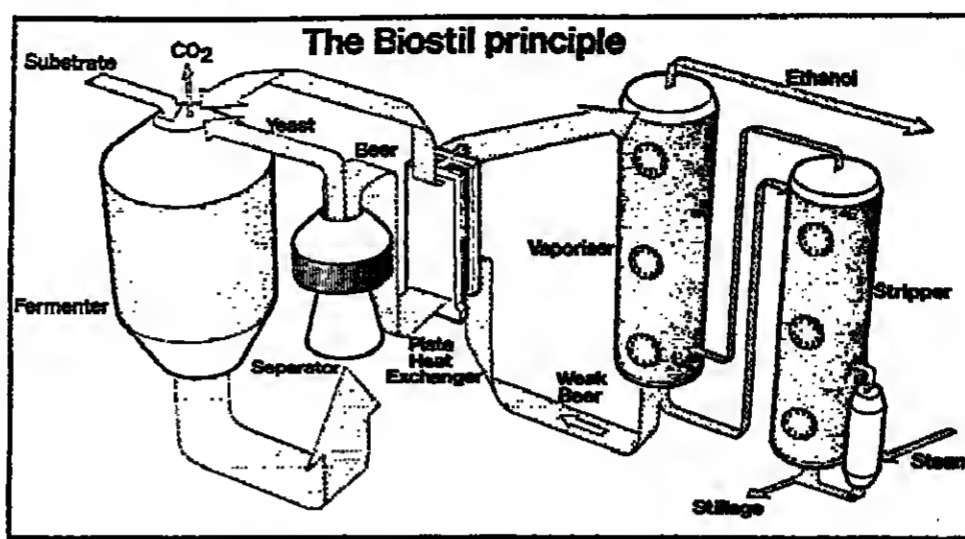
Clouds are a handicap to the use of multi-spectral imagery in Britain. But microwave sensing—radar—affords a way of penetrating cloud to provide all-weather and diurnal remote sensing capability. Silsoe's studies have focused on the European SAR-580 programme, in which microwave sensing of the forest resource inventory was assessed.

They show that diseased and wind-damaged trees in coniferous woodland can be identified in this way.

ALFA-LAVAL BUILDS FUEL ALCOHOL PLANT IN SWEDEN

Grain fuels car engines

BY ELAINE WILLIAMS RECENTLY IN SKARABORG



The Biostil process is unusual in that it is a continuous alcohol production method

IN BRAZIL more than 1m cars use alcohol instead of petrol in their engines. It makes use of the country's excess sugar production, provides jobs and reduces dependence on imported oil.

A C Biotech, a 50 per cent owned subsidiary of Alfa-Laval, the international food processing group, which has sold alcohol production plants into Brazil and Australia, has recently built the first plant of its kind in Europe which converts grain, rather than sugar crops, into alcohol and animal feedstuffs.

The plant, at Skaraborg in the south of Sweden, can produce 200,000 litres of alcohol a day. It represents an investment of SKr 36m. Output from the plant is sold to the country's state-owned OK petroleum company. About 4 per cent alcohol is added to petrol and sold in the Stockholm area. As Sweden is committed to the introduction of lead free fuel, alcohol addition is likely to increase.

AC Biotech, jointly owned by Alfa-Laval and Cardo, developed the technology while Alfa-Laval built the plant which started operating recently. Once final tests are complete it will be run by Agroenergi Utveckling AB in which the Swedish Farmers Co-operative has a major share.

Mr Roger Cook of AC Biotech, who joined Alfa-Laval about ten years ago to help develop the Biostil process, says that there is a potential for several other plants to be constructed in Sweden and the rest

of Europe. He said that surplus grain which is unsuitable for bread making, for example, could be converted into a protein rich animal feed concentrate, starch and fuel alcohol.

The process, in concept, is straightforward. Feed grain is first milled to take out the bran. The feedback flour is mixed with approximately the same amount of water with a little sludge which has been recycled to aid fermentation. Enzymes are added and then the mixture is pre-heated to a temperature of 90 deg C. This produces liquefied starch. At this point some of the starch will be removed and AC Biotech has nearly finished testing this newly constructed part of the plant.

From here, a saccharification enzyme is added to turn the remaining starch into alcohol. This can take about 20 hours. This hothot-like mixture is pumped through a sieve where the remaining fibres are removed. After washing these fibres go on to a "stripper" while the fibre-free broth, which comprises ethanol, yeast and gluten, is pumped to a centrifuge. This causes the yeast to be separated and returned to the fermenter.

The remaining liquid moves on to a heat exchanger at the top part of a distillation column where about 90 per cent of the ethanol is removed as a vapour. The bottom part of the distillation column is divided into two so that some of the flow passes

through the heat exchanger and the rest moves to a second distillation column where the remaining ethanol is removed.

The Biostil process differs from conventional alcohol production in that it is a continuous rather than a batch process.

Skaraborg also harvests carbon-dioxide produced during fermentation. Agri, the Swedish gas products group, has built its own storage system to collect the gas on the site. No waste products are produced during the process which also has important advantages.

Whether or not the plant is completely economic is difficult to assess as raw materials alone can account for between 50 and 75 per cent of the total cost. However, Mr Cook pointed out that although it costs more to make alcohol than to import it, the by-products, for example starch, would save some SKr 12m a year in fewer imports. In addition, government levy on alcohol is SKr 0.77/litre ethanol compared with 1.77 SKr/litre oil.

There are other social and political benefits in that some jobs are created, imports are substituted and excess product is turned into something useful. AC Biotech has already negotiated new plants in Pakistan, Brazil, and is moving into France and West Germany using sugar feedstocks but hopes to combine the European Community, for example, that grain is also a good base product to convert to fuel alcohol.

RAYCHEM DEVICES ANTI-CORROSION TECHNIQUE

Saving steel in reinforced concrete

RAYCHEM, THE conductive polymer specialist of Swindon, Wiltshire, says it has developed and satisfactorily tested a cathodic protection system which can retard the corrosion of the steel bars in reinforced concrete.

Over the years it has been realised that reinforced concrete structures can crumble and even fail in a relatively short time. This is because penetrating seawater or road de-icing salt rusts the steel away. It has also been found that trace chemicals present in some aggregates, and some concrete additives, can attack the steel bars.

Unfortunately the corroding bars expand, causing the concrete to spall off or break up. Raychem has devised a system that can provide the same kind of protection as that used for ships and offshore structures. Known as cathodic protection,

it is designed to counter the cause of corrosion, namely the fact that the steel is the anode in a kind of battery in which the salts form the electrolyte and the surrounding material is the cathode. As in all cells of this kind, the anode is oxidised—in the case of iron, rusted away.

In cathodic protection systems, the situation is reversed. A new anode is provided in the form of a copper mesh and a voltage is impressed between anode and cathode which is the opposite to the one normally found. The iron becomes the cathode and does not waste away.

Raychem's system, called Ferex, consists of a wire mesh anode which is shaped from conductive polymer electrode material coated on to copper conductors.

The company has held a leading position in these materials,

in which polymer and carbon black are blended to give various degrees of conductivity. Strips of such conductors can be easily wrapped round pipes, for example, to give self-regulating heating (as the polymer warms up, the resistance increases, cutting the heat back).

In the Ferex system, the material is used basically as a conductive coating, the low resistance copper core ensuring good current distribution over the complete mesh. The plastic also protects the copper anode wires from chemical attack.

The anode mesh comes from the factory as a fully integrated, self-contained system, ready to install over almost any size or shape of surface. There is no on-site assembly; after surface cleaning, the mesh is laid down and either stapled or fixed by adhesive to the concrete.

To produce intimate contact

with the structure and give an acceptable finish, the mesh is sprayed with concrete.

Ferex consumes only a few watts/square metre of power and so is economical in operation. The consumption is about the same as that needed to light a road.

Although the development has been funded by Raychem, a Department of Transport trial is about to take place which is expected to extend over two years. But Raychem's parent has already put the system into U.S. Federal Highway Authority trials, with "good results."

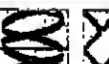
To civil engineers the solution will no doubt appear novel. But Raychem is convinced that it works and points out that the alternative is to replace sections of concrete that become suspect—an expensive proposition. More on 0783 28171.

GEOFFREY CHARLISH

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Security

Software protection

A cable-connected device for the protection of software is offered by Polytech Engineering Services of Cambridge.

The device is usable with any computer having an RS232 port, without inhibiting operation in any way. It is interrogated by the software and responds only when a unique code is passed through it. Thus, direct copies of the program will not run on any computer that does not have the correct device connected.

The codes, of which there are about 100m, use ASCII control characters which would not normally affect any other device using the port. Due to the nature of the unit, even an infinitely fast computer would take about 20 years to test all the possible combinations claims Polytech. More on 6233 312562.

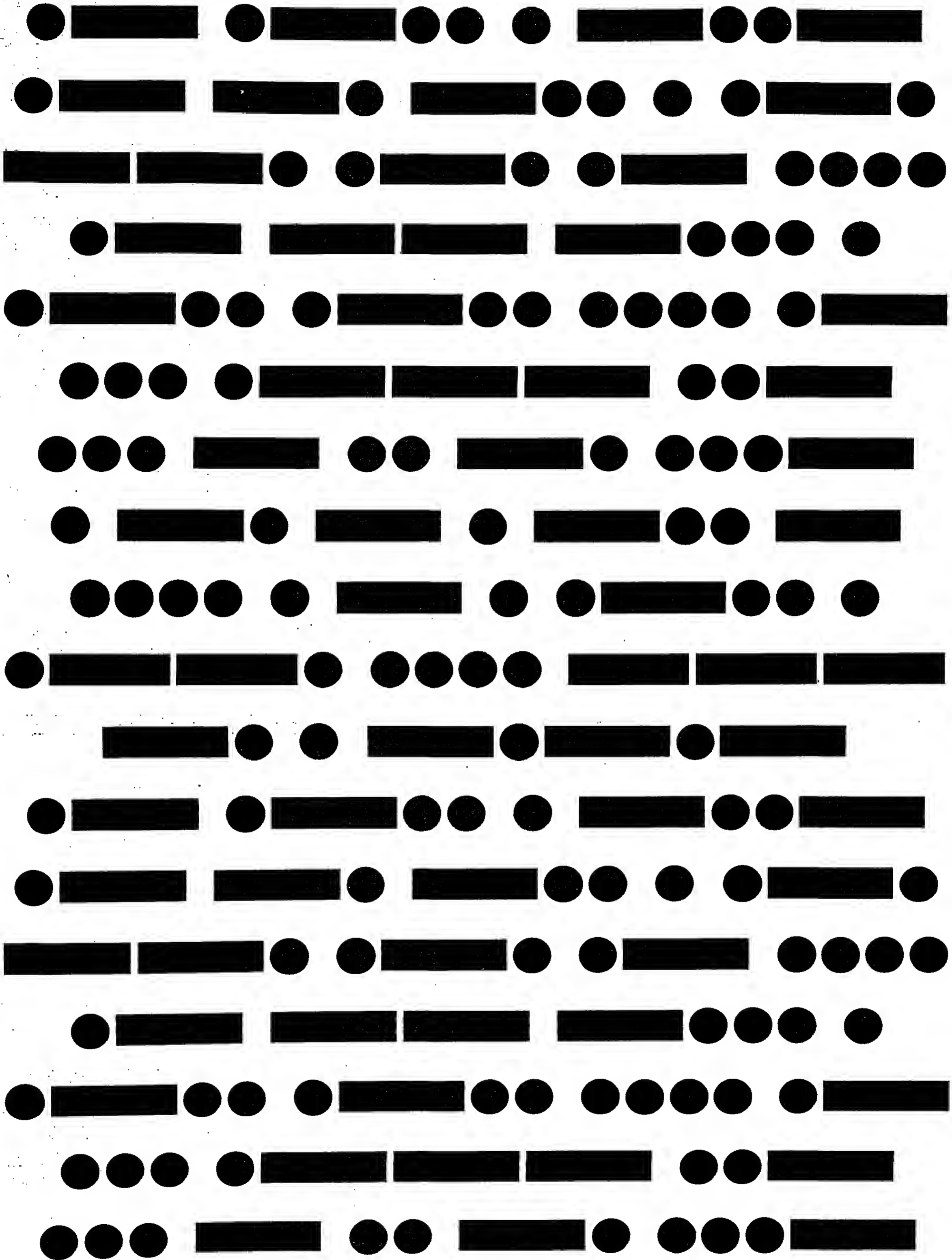
Computers

Graphics design

THE GRAPHICS output of computer-aided design and manufacturing systems can be committed to all kinds of film from 16mm to microfiche using a new system from Dicom, the D1488.

The unit's high resolution makes it suitable for engineering drawings, schematics, maps and other demanding tasks. What would take 45 minutes to produce on a mechanical plotter, says the company, can be recorded in less than a minute on the D1488.

Film transport and optical assemblies are interchangeable to allow recording on 16, 35 or 35 mm film, aperture cards and microfiche. More on 0990 27312.



In 1876, unable to foresee the coming invention of the telephone, thousands of people wasted a lot of time learning Morse code.

Software protection
Computers
Graphic design
COMPUTER

WORLD TRADE NEWS

Trading nations are speculating that a new round of negotiations may be in the offing, Christian Tyler, Trade Editor, reports

Gatt code could unlock international barriers to trade in agriculture

A PIECE of paper, a mere 60 lines long, going the rounds in Geneva, contains the code that could for the first time unlock international barriers to trade in agriculture.

Trade negotiators for the U.S., EEC, Australia and for countries such as Argentina, Brazil, India and Malaysia, are already beginning to speculate at least in private what the trade-offs might be if a negotiation can be launched.

The second is that the Gatt Secretariat, abetted by the energetic Dutch chairman of the committee, Mr Aert de Zeeuw, has been uncharacteristically aggressive in pursuing the mandate given by the 1982 ministerial meeting.

The Committee on Trade in Agriculture has surprised everyone by its spirit of co-operation. Now a crucial phase has been reached. Over the coming months it should become clear whether the world's biggest exporters of agriculture produce are ready to swap concessions.

to give too much away. Yet the French stand to benefit from any significant opening of other markets, especially in the U.S.

farm support programme when its farm exports have fallen from \$48bn to \$32.5bn in the past two years.

As for Japan, the world's second biggest capitalist economy, it has nothing to gain by a negotiation in agriculture alone. It is a negligible exporter of commodities and it has a large and fierce farm lobby.

is angry about the way its dairy industry and apple growers, for example, have been beaten out of traditional markets by subsidised EEC sales.

Qatar set to exploit North Dome gasfield soon

QATAR WILL soon finalise arrangements with British Petroleum and Compagnie Francaise des Petroles (CFP Total) to exploit the country's huge offshore North Dome gasfield, according to Mr Ali Jaidah, managing director of the Qatar General Petroleum Corporation.

known reserves of 120 trillion (million million) cu ft. This makes it one of the largest natural gasfields in the world.

EMBRAER, a Brazilian state-controlled aircraft manufacturing company, has won its first confirmed orders for its new commuter aircraft, the Brasilia.

Brazil gains \$100m U.S. aircraft order

FRANCE IS exploring the possibility of lowering reliance on the U.S. for key electronics components in the widely-sold E10 digital telephone exchange manufactured by state-controlled CIT Alcatel.

France may cut reliance on U.S. for chips

place with French-made chips, Intel components imported from the U.S. for the subscriber cards of the E10 system would mark a key practical result.

Reynolds signs cigarette deal with China

CHINA and R. J. Reynolds Tobacco International Inc signed an agreement yesterday jointly to produce cigarettes for Chinese domestic consumption, making the U.S. company the first to gain access to the world's largest market for tobacco, AP reports from Peking.

S. Korea contracts

South Korea's leading 35 companies won overseas construction contracts worth \$1bn (\$666m) during the first four months of 1984, down 61.6 per cent from \$2.63bn in the same period of 1983, construction industry officials said yesterday, Reuters reports from Seoul.

Hilton in joint venture for Shanghai hotel

HILTON INTERNATIONAL, the privately-owned international hotel group, has agreed a joint venture to build the Shanghai Hilton.

NOTICE OF MANDATORY REDEMPTION National Westminster Bank PLC US \$50,000,000 9% Capital Bonds 1986. In accordance with condition 7(i) and (ii) of the bonds, the redemption installment of \$7,000,000 principal amount of bonds due July 1, 1984 has been met by purchases in the open market of \$5,335,000 and by a drawing by lot of \$1,665,000.

Turkey aims to boost exports to Iraq

TURKEY hopes to increase its exports to Iraq from \$318m (\$227m) last year to more than \$900m this year, according to Government officials travelling with Mr Turgut Ozal, the Prime Minister, who is on a three-day official visit to Iraq.

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This is 1984, and if you're busy learning this,
you're making exactly the same mistake.

UK NEWS

Interest rate pressures ease

By Philip Stephens
IMMEDIATE PRESSURE for a rise in Britain's base lending rates eased yesterday as money market interest rates edged lower and sterling held steady on foreign exchanges.

Financial markets are still expecting a small increase in base rates from the present 9 to 9 1/4 per cent, but it is thought the banks might take advantage of a generally calmer atmosphere to delay a decision.

The Bank of England yesterday studiously avoided giving an indication of its view on whether rates should rise by leaving its dealing rates unchanged.

Many brokers believe that barring a new surge in U.S. interest rates or renewed pressure on sterling, the banks will hold off until the publication of the latest UK money supply figures next week.

The figures are expected to show a rapid expansion of the most closely-watched money supply measure, sterling M3, during May. If the figures are as bad as most City of London forecasts, they could be the trigger for an increase.

External pressures for higher rates, however, have been tempered by a perception that the U.S. authorities might avoid pushing up interest rates further in order to rebuild confidence in the U.S. banking system.

Mr Donald Regan, the U.S. Treasury Secretary, said yesterday the Administration was closely monitoring the position of U.S. banks and would ensure that the system as a whole "would not be shaken."

After falling for much of last week, sterling registered slight gains yesterday. Its trade-weighted index against a basket of currencies rose to 79.6 from 79.4 at Friday's close.

Money market interest rates, which determine the cost the banks themselves pay for funds, fell slightly, although they remain at a level which would imply a higher base rate for most banks.

The more relaxed view of the interest rate outlook, however, will be welcome to the Government which was anxious that the markets should not be stampeded into base rate increases.

Miners fight with police in strike confrontation

BY OUR LABOUR STAFF

MINERS' pickets clashed with police yesterday in one of the worst confrontations of the three-month-old coal dispute.

Eighty-two of the pickets were arrested and 64 people injured, more than half of them policemen. Smoke bombs, thunderflashes, and firecrackers were thrown by the pickets together with stones, bottles and wooden fencing.

Some of the police wore full riot gear with shields and ambulancemen wore helmets to protect themselves from the missiles as they took the injured to hospital.

The trouble was outside the Orgreave coking plant, near Sheffield in South Yorkshire. Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), had called for a mass blockade of the plant to try to prevent lorries ferrying coke from it to the British Steel works at Scunthorpe.

An estimated 6,000 pickets had gathered when the first convoy of lorries arrived. Nearly 2,000 police were on duty, with sections mounted on horseback and with dogs. Running fights broke out. One mounted policeman had his leg fractured.

Mr Scargill, who was at the plant, said: "Anyone who has been here today has seen police tactics of the most brutal nature. We have seen riot shields and riot gear in action. We have seen truncheons and staves in action. We have seen



Mr Arthur Scargill

mounted police charging into our ranks."

The miners' president said he had appealed to the police to show restraint, but there had been scenes of brutality which were almost unbelievable.

"What you have now in South Yorkshire," he said, "is an actual police state tantamount to something you are used to seeing in Chile or Bolivia."

Mr Scargill urged all his members and the whole trade union movement to "come here in their thousands in order that we can make aware to everybody that we are not prepared to see this kind of brutality inflicted against working men and women."

Mr Tony Clement, assistant chief constable in charge of the police operation, said: "We have been listen-

ing to Mr Scargill now for some 12 weeks. The pickets began throwing stones, half house bricks, wood torn from fences and our officers were being injured.

"That was the time for me to order officers to go in with shields to prevent that sort of thing happening." He defended the use of mounted police and dogs.

Mr Anthony Beaumont-Dark, a Conservative MP, said Mr Scargill would be responsible if any deaths occurred during mass picketing at Orgreave. "Mr Scargill should be as concerned with people's safety as he is about running a political campaign on the backs of the miners."

In Lancashire, the area's union executive decided yesterday to go to the High Court to contest an injunction granted last week, preventing the union from disciplining members who have continued to work during the strike.

The National Coal Board (NCB) has started drilling eight miles off the Tyne estuary in the North Sea to try to tap undersea coal reserves. The £15m project involves three specially adapted drilling ships.

Mr David Archibald, North-east director of the NCB, said: "If the miners on strike in our coalfield need evidence of good future prospects, they cannot have a more dramatic illustration than capital investment on such a massive scale being introduced during such a crippling dispute."

NCB will supply Australian coal to save Greek order

BY MAURICE SAMUELSON

THE NATIONAL Coal Board (NCB) is to supply Australian coal to Greece in order to save a major contract under negotiation with the Greek electricity industry.

Greece's Public Power Corporation (PPC) wants to buy 600,000 tonnes of coal between now and the end of the year, with the first deliveries of about 50,000 tonnes due to be made almost immediately.

The coal, worth nearly £15m to the NCB, would be shipped by the Coal Trading Corporation, a

French-based energy concern with international contacts.

With the negotiations dragging on longer than expected, the Greeks have already trimmed their order from 1m tonnes over 12 months to 600,000 tonnes over the next seven months.

Hopes that a deal would have been concluded last week were dashed because of the miners' strike. In order to prevent it from collapsing altogether, the NCB has offered to replace the shipments with coal from Australia and the deal is now expected to

be signed before the end of this week.

It is not yet clear whether the substitute shipments will be made directly from Australia or will be lifted from Australian coal already stocked in Europe.

Some non-British coal will also have to be supplied to the Greek cement industry.

The NCB has already started shipping foreign coke to the Chicago Inland Steel Corporation to avoid forfeiting its first contract to the U.S. for more than 10 years.

British Sleipner decision imminent

By Dominic Lawson

A DECISION by the British Government on whether to give the go ahead for British Gas to acquire £200m of gas from Norway's Sleipner field could come this week.

Meanwhile Gasunie, the Dutch gas utility, has denied that it made a new offer to sell gas to the UK as an alternative to the controversial Sleipner deal.

According to Gasunie its original offer remains on the table and is still being studied by British Gas. Gasunie is owned jointly by Shell, Esso and Dutch State Mines.

However, it appears that British Gas has not budged from its decision that the Dutch offer is of inadequate quantities, and at a price which is not fully competitive. In addition, British Gas is believed to be unwilling to enter into any substantive negotiations with alternative suppliers to Norway, until it has received a definite answer on the Sleipner deal from the UK Government.

The most likely outcome is thought to be qualified government approval of the Sleipner deal. It is now too late for the Norwegian parliament to approve the deal in this session which rises on June 9 and does not sit again until October 1.

Economy 'in clear upward phase'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE UK economy is set for a steady continued recovery, although the risk of a world financial crisis has increased, Liverpool university economics research group says in its latest quarterly bulletin.

The team, headed by Professor Patrick Minford, believes that growth will continue at a steady annual rate of between 3 per cent and 4 per cent for the next three years, with the inflation rate falling to only about 1 1/2 per cent.

"Many forecasters fail to appreciate the causes of the upturn and continue to forecast a moderation in growth and a resurgence of inflationary pressure," the bulletin says.

"To them, the upturn can only be temporary and certainly cannot be sustained without the aid of a fiscal impulse. To us, the signs point in the opposite direction. The economy is clearly in the upward phase and the indicators point to a sustained recovery."

For future years in the forecast period to 1987 they say that low in-

flation, underpinned by small increases in manufacturers' costs per unit of output will help to maintain consumer demand.

"Competitive pricing combined with low inflation expectations has produced a major adjustment in the spending behaviour of households, and with it a major portfolio shift between assets and debt. The key to the increase in demand remains low pricing behaviour of the market sectors."

The motor industry, the forecast says, gives a classic example of how price cutting can stimulate demand, with vehicle registrations in February 11 per cent higher than in February 1983 and new car registrations 13 per cent higher in February than a year earlier.

On the international outlook, Prof Minford says that there is a serious risk that real world interest rates will rise further and cause a collapse of the world banking system.

SUMMARY OF FORECAST table with columns for 1983, 1984, 1985, 1986, 1987 and rows for GDP growth, Inflation, Unemployment, Current balance.

Plastics industry buoyant

BY CARLA RAPOPORT

THE STRONG recovery in Britain's plastics industry is outpacing the general industrial recovery, according to the British Plastics Federation (BPF).

A BPF survey of 159 companies with combined sales of about £2.5bn has found that almost all plastic processors, machinery makers and material suppliers expect buoyant trade in their sector to continue for at least another year.

The survey shows that the investment famine which has been widespread throughout the plastic processing sector since the beginning of the 1980s is almost over. The BPF reports that a third of the plastic processors increased capital in-

vestment over the last 12 months and nearly 53 per cent intend to do so in the next 12 months. The latter figure compares with 21 per cent for industry as a whole.

The BPF reports that home sales continue to climb in the plastic sector, together with prices. Real increases of about 5 per cent are expected in prices this year.

The improvement in sales and prices has led to strong recoveries in profit throughout the sector. The strongest recovery has been recorded by machinery manufacturers, which are expected to see further improvements in the next 12 months.

Despite the increase in business, the survey shows that stocks are still at historically low levels among plastics companies. About 49 per cent of materials suppliers still aim to reduce stocks over the next few months.

The survey points out that labour reductions in the sector have not finished, but a "significant" part of the processing and machinery sectors are making moderate increases in their labour forces as a result of the higher utilisation of capacity.

In expenditure planning, the BPF found that processors and machinery manufacturers are primarily investing in the expansion of capacity.

UK plant Roche's largest investment

HOFFMANN-LA ROCHE, one of the world's largest pharmaceuticals companies, plans to open a £150m vitamin plant next week in Dalry, Scotland, Carla Rapoport writes.

The investment is the largest in the company's history and will lead to 350 jobs in Scotland. The plant will produce vitamin C, which is used as an additive to animal feeds and processed foods, as well as in tablet form for human consumption.

Roche considered locations in Italy, France and West Germany before settling on the Scottish site. It said that Britain was chosen for its relatively stable workforce, good communications, utilities and water supplies, and the availability of local grants.

Roche officials say that vitamin C sales to the pharmaceutical industry have shown the best growth over the past year, particularly in the U.S. The company has recently published studies showing that smoking cigarettes reduces the level of vitamin C in the body.

THE GOVERNMENT has sanctioned development of three new gas fields in the Southern Basin of the North Sea. The three fields, Esmond, Forbes and Gordon make up the Esmond complex, which will be operated by Hamilton Brothers, the U.S. oil company.

ALL SEALINK ferry services except those to and from the Isle of Wight have been cancelled until early Friday because of a 48-hour strike by members of the National Union of Seamen. The strike is also expected to affect sailings by P & O and European Ferries, which operates Townsend Thoresen.

TWO JAPANESE companies launch new cars in the UK today. Nissan introduces its front-wheel-drive Bluebird saloon which will compete with Austin's Montego, the Ford Seira and the Vauxhall Cavalier. Mitsubishi introduces its Space Wagon.

ADAM & COMPANY, named after the economist Adam Smith, became the first Scottish-based company to offer retail banking services for 140 years when it opened for business yesterday.

VOLVO Car Corporation has renewed its agreement with the Lex Service Group, the UK importer, for a further five years.

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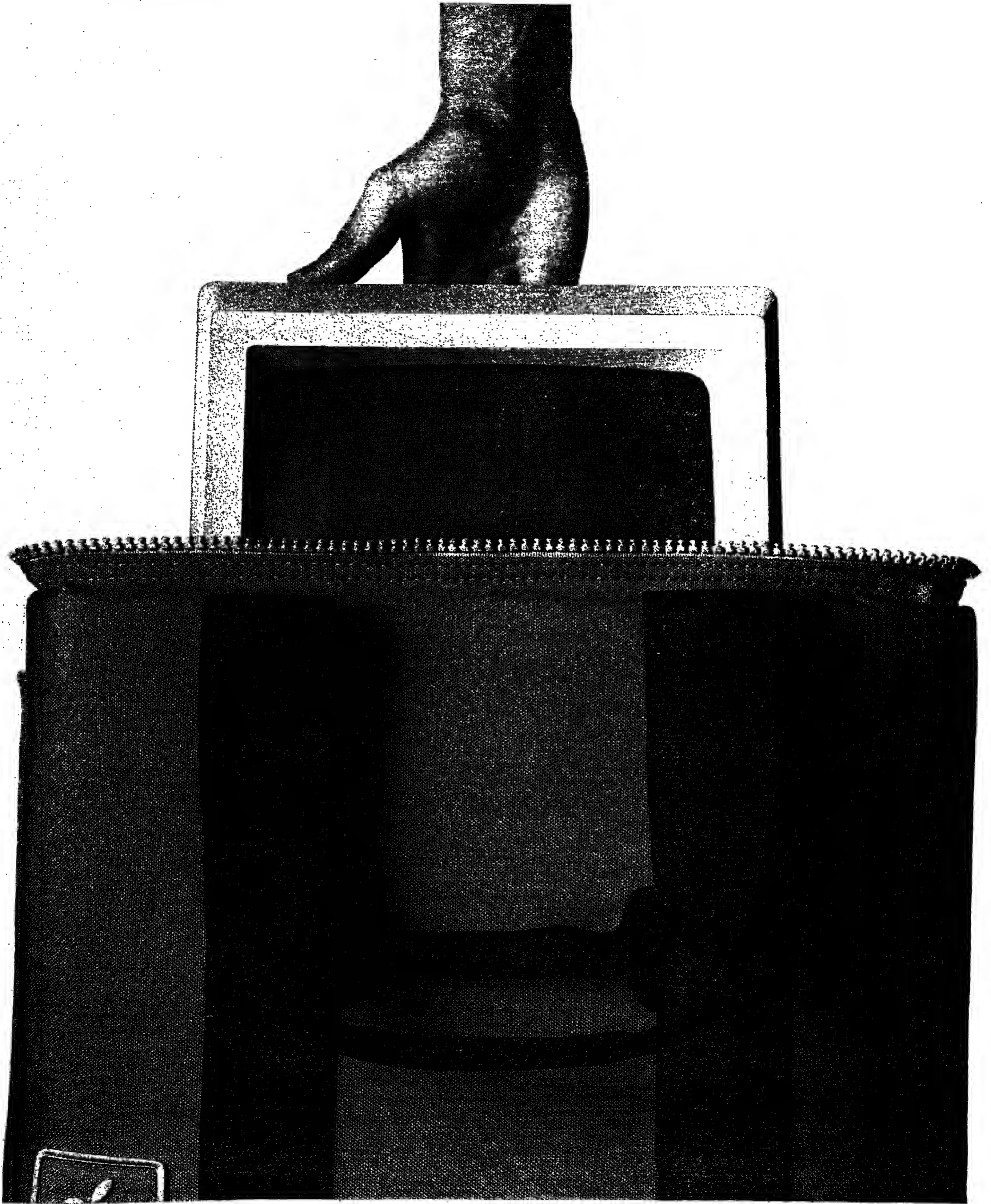
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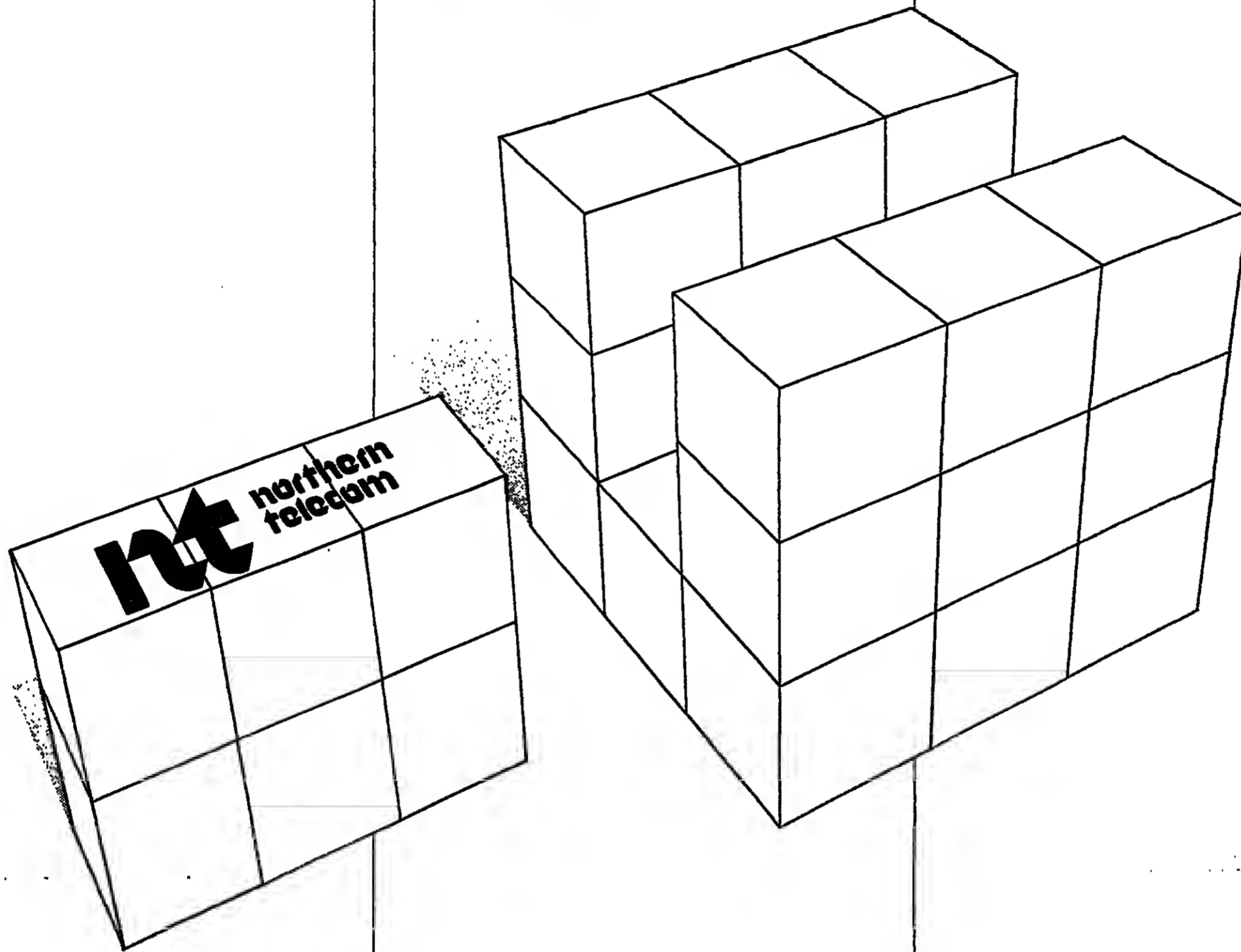
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Digital World made obsolete the analogue telecommunications equipment being produced by other manufacturers. In time, and in turn, they followed the Northern Telecom lead. And, they are still following.

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Northern Telecom today is the world's largest manufacturer of fully digital systems and services. It has in service, or on order, the equivalent of nearly 18 million lines of fully digital switching and transmission systems—more than any other company. Northern Telecom is a leader in the development and manufacture of computers and custom large-scale integrated circuits for telecommunications.

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In the United States, the world's largest and most competitive national market, Northern Telecom's DMS* (Digital Multiplex Systems) Family of digital

central office switches has been sold to, or is in service with, 21 of the 22 U.S. Bell operating companies and all other major telephone companies.

Northern Telecom is the largest supplier of digital telecommunications systems to the U.S. military. It is a principal source of such equipment for the U.S. specialized and resale common carriers, governments, private corporations, and major institutions, such as universities and hospitals.

It was the first telecommunications equipment manufacturer to introduce integrated voice and data capability with its family of SL* digital PBXs. The SL Family ranges from 30 lines to 30,000 lines and includes the largest digital PBX available. The SL-1 is in use in 45 countries.

Financial and telecommunications organisations around the world are using the Northern Telecom SL-10 data packet switch. The U.S. Federal Reserve System handles fund transfers of more than US\$100 trillion a year on its 14-node SL-10 system. SL-10 is used by the West German Bundespost, and in the United Kingdom, Canada, the U.S., Hong Kong, Switzerland, Portugal, Belgium, Austria, and the Republic of Ireland.

In the data-processing field, Northern Telecom systems are in use in North America and throughout Europe. More than 3,500 systems, worth £45 million, have been exported from England to Europe during the last 5 years. The Displayphone* terminal was the world's first combination telephone and computer terminal.

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As one element of the OPEN World, Northern Telecom is making available to other manufacturers of data-processing and computing equipment the proprietary protocols to its switching systems. This will permit a great variety of information management equipment and products to work together in a single system.

Northern Telecom's 39,000 employees are based throughout the world in sales and services offices, 37 research and development centres, and 46 manufacturing plants.

With them, and through them, Northern Telecom continues to lead the industry and build the global telecommunications systems of the future.

For more information on Northern Telecom and its products contact: Northern Telecom plc., Berkeley Square House, Berkeley Square, London W1X 5LE. Telephone: 01-491 4599.

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ENERGY REVIEW

BRITAIN'S OIL AND GAS RESERVES

The 'Monte Carlo' assessments

By Dominic Lawson

THE DEPARTMENT of Energy's annual statistical review of UK oil and gas development and prospects—the 'Brown Book'—is usually a down-beat affair. But this year's review is still a talking point, almost three weeks after publication.

The reason is that this year the official estimates of oil and gas reserves on the UK continental shelf have risen dramatically. According to the review, there is between 16 and 25 per cent more oil than was calculated a year ago, and between 5 and 28 per cent more gas.

The re-rating was to only a small extent a reflection of better-than-expected performance of existing fields. The chief reason for the increase, particularly in oil reserves, was in completely transformed assessments of 'undiscovered reserves'—that is, in fields yet to be drilled.

The people responsible for the revised assessment are the 22 staff of the Petroleum Engineering Division of the Department of Energy, backed up by 70 members of the British Geological Survey, which is partly funded by the state.

Over the past year the two bodies carried out a comprehensive study of prospects on the UK continental shelf, under the leadership of Mr John Brooks, head of exploration at the department.

Mr Brooks says the British Geological Survey's review of the broad geological trends of the UK sedimentary basins has been on a grand scale. At the same time all North Sea oil companies are bound by law to give the Department of Energy all their well results and their seismic data.

What Mr Brooks's band of geologists have done for the first time is to apply to the wealth of information they have received from the oil industry the method of analysis favoured by the oil majors themselves.

This is the 'Monte Carlo simulation', by which all seismic and well data is fed to a computer and the geological structures are then simulated based on a range of variables such as possible porosity of rock under the sea-bed and the ease with which oil could be extracted from them.

According to the department's principal geophysicist, Mr Jim Aitken: "We pretend we have drilled each of the geological structures we have identified.

Each structure is simulated at least 5,000 times. One was simulated 50,000 times."

Why was this exercise not carried out years ago? The most basic reason is the changed quality of information.

Also, the past year saw a spurt in the amount of drilling carried out on the UK continental shelf, encouraged by the concessions to the oil industry in the 1983 Budget. With over 2,400 wells having been drilled so far in UK waters, the Department of Energy has built up a formidable data base, which even the leading North Sea companies cannot rival.

Finally, it is only recently that the Petroleum Engineering Division has had the resources, both technically and in manpower, to undertake the exercise—which Mr Brooks says "was a gleam in my eye" four years ago.

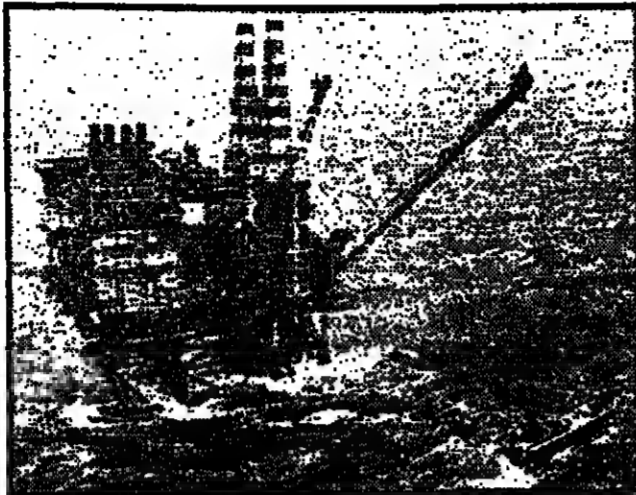
The division took control of the computer needed for the job three years ago. Since then manpower in the department has been at full strength.

The effect of the efforts of Mr Brooks and his team is that their highest estimate of oil waiting to be discovered on the UK continental shelf has jumped from 16bn barrels to more than 24bn. To put that into perspective, the highest estimate of UK oil actually discovered is under 20bn barrels.

The most striking fact behind the re-rating of the prospects for oil discoveries is that it contains no reassessment of prospects in the less explored areas like west of Shetland, west of Scotland, and on land. The great leap forward was entirely down to a recalculation of prospects in the "mature" and much drilled northern North Sea, between 56°N and 62°N.

The previous year's Brown Book estimated that the area could contain between 1.5bn and 5.6bn barrels of hitherto undiscovered oil. The department estimates that the mature northern North Sea could hold anything up to 14bn barrels of "new" oil.

"It will take some explorer to find that," was the comment of one oil company executive, echoing the degree of scepticism that the highest estimates of the Brown Book have caused. However, no oil company has a data base as complete as the Government's, and



The Brown Book itself gives warning that the most likely outcomes can be expected to be considerably below the mid point of the ranges it moots for undiscovered reserves. Despite that caveat, Mr Brooks says that he regards his assessments as conservative and quite capable of being upgraded further.

He points out that the estimate for onshore reserves "takes no account of the recent euphoria about onshore hydrocarbon prospects." He describes the oil discoveries at Wytch north of 62°N. The evaluation of those areas has not been done a la Monte Carlo, but merely on a general appraisal of the basin potential. Mr Brooks argues that data on these frontier areas "is too small to get a handle on."

The publication of the Brown Book was followed last week with the announcement of the opening of the ninth round of UK oil and gas licences. The oil industry is being given incentives to explore those frontier areas which currently defy scientific analysis by the

Brown Book came up with its big jump in "undiscovered" reserves. In the eighth round a similar auction of 15 blocks in the same area fetched £33m. But if the oil industry has any faith in the efforts of the Department of Energy's geologists, the Treasury could find the current licensing round much more lucrative than the last.

The new estimates for discovered and undiscovered gas reserves range from 800bn cubic metres to 2,360bn cubic metres. The previous year's estimate ranged from 700bn to 2,100bn cubic metres.

The upgrading of gas reserves appears to back the claims of those oil companies which have argued that the UK's resources are sufficient to make the Government think hard before giving the go-ahead to British Gas's proposed purchase of £20bn worth of gas from Norway's North Sea Sleipner field. However, Mr Brooks cautions against reading too much into his statistical prognosis. "There are only 15 years of proven UK indigenous gas reserves. That's the one fact."

The question of UK hydrocarbon reserves is inseparable from the economic issue of self-sufficiency in energy. Recent oil industry "guesstimates," notably by Shell, have pointed to possible UK self-sufficiency in oil through into the next century.

The Brown Book gives no guidance on this matter, and Alick Buchanan-Smith, the Energy Minister, while describing himself as "justifiably much more optimistic than a year ago" studiously avoids anything approaching a prediction about self-sufficiency.

The Brown Book upgrading does not include geological structures which appear to have the potential for less than 25m barrels each. But the oil industry believes that the story of the UK oil scene for the rest of the century could be the exploitation of such small fields.

A discovery of 20m barrels that could be tied into the facilities of an existing field is far more likely to be developed than, say, an isolated 50m barrel field in 500 metres of water. The Brown Book does not address matters of economics directly, although it concedes that not all finds smaller than 25m barrels "would necessarily be uneconomic."

ESTIMATES OF UK UNDISCOVERED RECOVERABLE RESERVES		
Area	Oil (m. tonnes)	Gas (bn cu metres, or in brackets)
North Sea 56°N-62°N	450-1900	15-130(0.5-4.6)
West of Shetland	25-350	↑
West of Scotland	0-550	↑
Southern basin and Irish Sea	0	170-440(6.0-15.5)
Remainder of UKCS	5-475	↑
Totals	480-3275	185-570(6.5-28.1)

A tonne of crude oil equals approximately 7.5 barrels
*Trillion cubic feet; †Not assessed

Farm in Dorset and Humble Grove in Hampshire (25 miles away from his home) as "amazing—against all the received wisdom of the oil industry." The story of next year's Brown Book could be a reassessment of the potential of the UK onshore scene, although Mr Brooks is promising nothing.

Similarly the Brown Book contains conservative assessments of the less explored areas of the UK offshore scene, such as west of Shetland and

APPOINTMENTS

Managing director for Fairey Marine

Mr Jack Barr has been appointed managing director of FAIREY MARINE, specialist builder of high-speed patrol craft and workboats. He was group managing director of Lake and Elliott. Fairey Marine is an operating company within Fairey Holdings, engineering sector of S. Pearson and Son.

STOOGARO CARPETS has appointed Mr Stanley Peters as production director. He has worked with the Plytex Group, and more recently with Beriel International and Kniters S. H. Mackinnon, a subsidiary of Dawson International.

Lord Harlech has joined the board of the CARNARVON MINING COMPANY as chairman. Also joining the board are Sir Jack Ransome, Mr Barry Briggs, Dr John Rottenbury and Mr Jeremy P. Gorman. The appointments have been made as part of the arrangements for the proposed acquisition of the USM of the group under the name Clogau Gold Mines.

NATIONAL & PROVINCIAL BUILDING SOCIETY has appointed Sir Jasper Hottom to its London advisory board. Former deputy governor of the Bank of England, Sir Jasper is currently chairman of the Panel on Take-overs and Mergers, chairman of the Commonwealth Development Finance Company, president of the Council of Foreign Bond Holders, director of BAT Industries, and director of Portals Holdings.

Mr Niel Symons, formerly group accountant, has been appointed company secretary of MERVILLE MOORE, an associate company of Hill Samuel & Co.

Mr John V. Reader (managing director, Alfred Reader & Co) and Mr Ian D. Peacock (managing director, Sports Marketing Surveys) have been re-elected president and vice-president respectively of the BRITISH SPORTS AND ALLIED INDUSTRIES FEDERATION.

Dr Waheeb Rizk, chairman of the GEC-Ruston Gas Turbines and of the GEC Diesel Group of Companies, has been elected 1984/85 president of the INSTITUTION OF MECHANICAL ENGINEERS.

AT PERSONAL ASSETS TRUST (an investment trust managed by Ivory & Sime), Mr Alex Hammond-Chambers, joint deputy chairman of Ivory & Sime, has resigned as a director.

Mr Richard B. Anderson, formerly senior partner of Arthur Young McClelland Moores in Edinburgh, and Mr Robin J. Angus, senior investment trust analyst at Wood Mackenzie, have both been appointed to the board.

Mr Terry A. Clements has been appointed managing director of LANDIS & GYR, part of the Landis & Gyr Group. He joined two years ago as deputy managing director to Mr C. E. Robertson who has now been appointed deputy chairman.

Mr Robert Wellbeloved has been appointed head of the IBA's station design and construction department. This is responsible for building all transmitting stations and the four regional operations centres for the ITV network, Channel 5, 54C, Independent Local Radio and will be concerned also with building a new VHF/FM national radio network. He has taken over from Mr Harry Bostall who retires next July. Mr Wellbeloved was head of transmission group.

ARTHUR HENRIQUES has appointed Mr Richard Williams as director. From 1977 to 1983 he was an executive director of Dominion International Group, the company headed by Mr Max Lewinson who has recently become the major shareholder in Arthur Henriques.

The BUILDING EMPLOYERS CONFEDERATION has elected Mr Michael Millwood as president for 1984/85. He is joint vice-chairman of John Laing. Other officers elected are: senior deputy president, Mr John Turner, chairman of E. Turner & Sons; junior deputy-president, Mr Peter Horspool, Ackroyd & Abbott; and chairman, National Joint Council for the Building Industry, Mr Peter Morley. The immediate past president, Mr Bruce Chivers, of W. E. Chivers & Sons, succeeds Mr John Allen as honorary treasurer.

Mr Paul Morris has joined CHS PUBLICITY SERVICES, a West Naily Group company, as managing director. Prior to joining CHS, Mr Morris ran his own marketing consultancy, and before that was managing director of British Posters.

Mr Andrew Caldecott has been appointed a non-executive director of ICL (UK). He is chairman of the M & G Group and is also on the boards of Kleinwort,

Benson, Lonsdale; Blue Circle Industries; Electronic Rentals Group; Chloride Group and Whitbread and Co.

Mr Boris A. Nockmakts, head of BANKERS TRUST COMPANY'S world shipping division, has been promoted to senior vice president. He is based in London. Mr Allen D. West, head of the capital markets department at Bankers Trust International, London, has been promoted to senior vice president. Mr Jeremy Filleham and Mr Roger Ward have been appointed managing director and deputy managing director respectively of BT Investment Management.

Mr Robert Freeman has joined the board of GRANVILLE & CO. as director in charge of the corporate finance department. He was a senior vice-president in the world corporate banking division of Marine Midland Bank. Brian O'Connor-Fenton has been appointed Granville's East Midlands regional director.

G. PERCY TRENTHAM has been appointed as deputy chairman Mr B. D. Trentham; as managing director Mr Colin H. Bridger. Mr C. H. Stewart Lockhart relinquishes his appointment as chief executive but will remain a director.

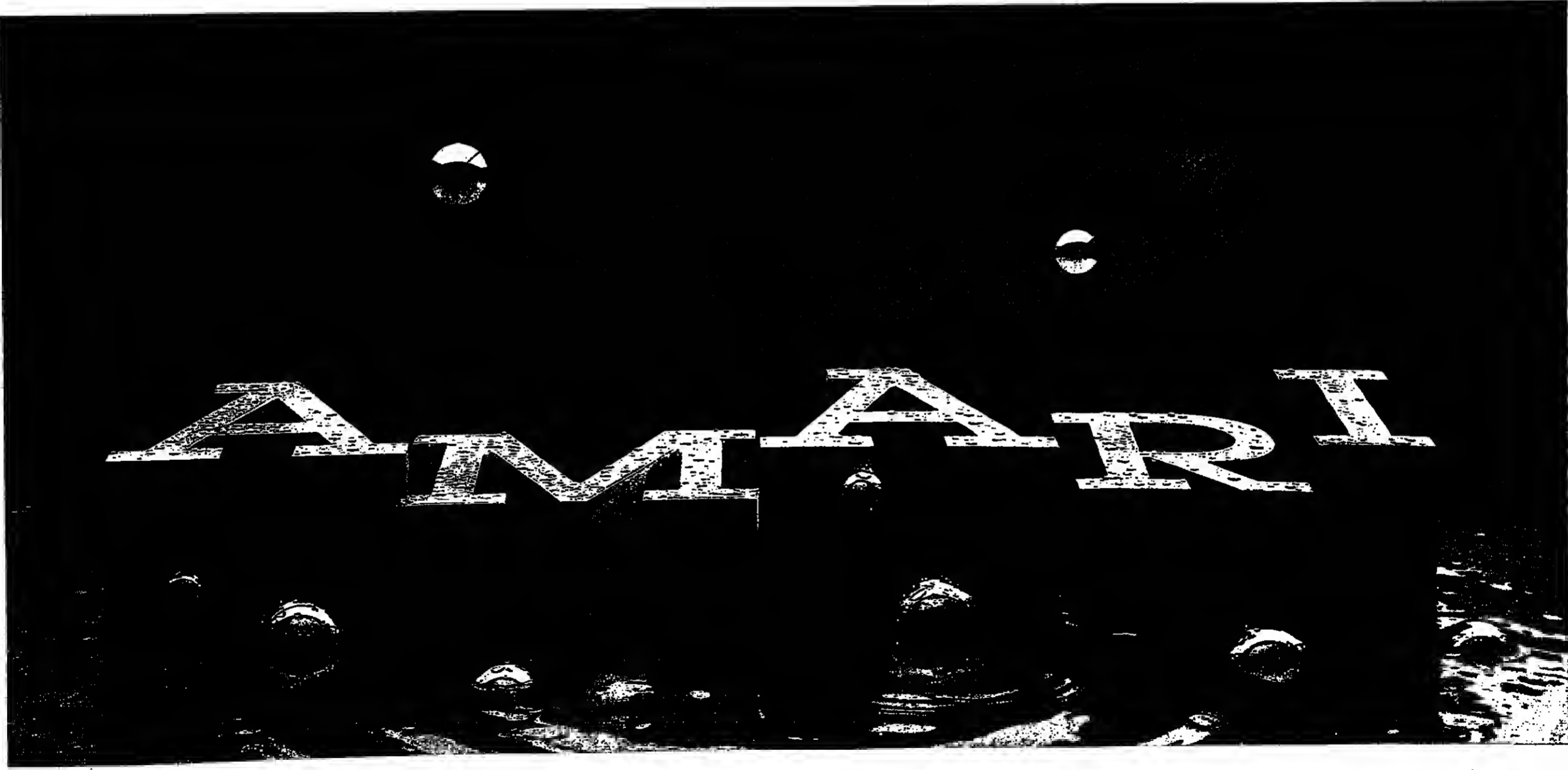
Mr Ian Dale, managing director of Oale Electric of Great Britain, has been appointed group chief executive of DALE ELECTRIC INTERNATIONAL, parent company of the group.

WATERLOW has appointed Mr Ian Phillips as deputy managing director. He was director of forms and professional products at Oyez.

Sir John Hedley Greenborough has been appointed chairman of the CONFEDERATION OF BRITISH INDUSTRY'S finance and general purposes committee. He succeeds Sir John Read, chairman since 1978. Sir John Greenborough, who is chairman of Newarthill, holding company of Sir Robert McAlpine Group, was president of the CBI from January 1978 to May 1980.

ALEXANDER HOWDEN REINSURANCE BROKERS has appointed as managing directors: Mr A. R. Aubrey, Mr E. Burnside, Mr S. A. Cook, Mr E. G. MacKay, and Mr R. P. Messinger; and as directors: Mr N. C. Belcourt, Mr C. P. T. Cantlay, Mr A. J. Cranfield, Mr B. N. Eastbrook, Mr A. L. Pinyay, Mr T. J. Hewitt, Mr C. H. Lanrie, Mr T. J. McSweeney, Mr D. Proffitt, Mr M. J. Fuller, Mr I. S. Rennie, and Mr M. J. White.

Mr Peter Smith, chief ecocountant with West Midlands Gas, has been appointed director of finance for NORTH EASTERN GAS.



AMARI is an integrated group of 50 companies emerging as a major independent force in the distribution, processing and fabrication of metals and plastics.

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THE MANAGEMENT PAGE

"STRIKES foster than British Leyland!" ran the Cup Final placard about a favoured goal scorer. BL's recovery plan of the early 1980s was aimed partly at combating that kind of popular derision, and its more important reflection in the market place.

A new academic study uses a variety of information—including internal BL documents—to look closely at the state-owned car company's strike record, and particularly its changes in collective bargaining.

The study, by Paul Willman, industrial relations lecturer at the Cranfield School of Management, is the forerunner of a full-length analysis by Willman and Graham Winch called "Technological Change, Management Strategy and Industrial Relations: the case of BL Cars" to be published later this year.

Table 1 clearly illustrates Willman's conclusion that, overall, "BL Cars improved its strike performance substantially over the six-year period relative to the industry as a whole."

Conflict was high in 1978, for instance, when BL's share of trouble was higher than its employment share. By 1982, the position is completely reversed, with BL in particular hit hardly at all by strikes.

As Willman says, there was not a "smooth" and uninterrupted progress towards this position, but a much more diverse pattern. But how did BL achieve it? And will it continue?

From the trough of the mid-1970s, BL's aim was recovery. That recovery would be produced, involving large-scale investment in fixed capital—particularly industrial robotics—and new models: the Metro, the Maestro, the Montego.

Uninterrupted production was both a necessary prerequisite for success, and high levels of new plant utilisation for company viability. Stable labour relations became essential to achieving this.

According to Willman's study, BL had two main approaches to reaching this target: external and internal.

Externally, Willman judges BL to have been largely suc-



The BL Maestro: an element of a 'product-led recovery plan'

How BL sought a peaceful recovery

Philip Bassett on a study of the motor group's industrial relations

successful in isolating itself from disruption, which in 1977, for example, accounted for about 55 per cent of all BL working days lost through strikes.

Firstly, BL pulled out of the Engineering Employers' Federation, removing one possibility of involvement in disputes which did not originate in the company. Secondly, part of Sir Michael Edwards's strategy of reform as BL chairman involved much tighter control over the quality and reliability of component suppliers. Willman suggests that, through precise decisions on sourcing, BL was able to avoid contacts with strike-prone firms.

Table 2 shows how dramatically effective this element of the strategy was, cutting back to

immeasurably small levels losses arising from external sources.

Internally, BL's strategy had two main arms: the reform of its collective bargaining, and completely altering working practices. In 1976, BL Cars had 58 bargaining units for manual workers alone.

BL's response, prompted in part by the bitter toolmakers' strike of 1977, when craftsmen, angered over differentials, sought corporate bargaining, was painfully to negotiate, and then finally impose, a group-wide pay structure, involving job evaluation and plant pay parity. This largely solved the problem of local wage disputes, shifted all the hourly-paid staff to a common settlement date of November, and led to the much more stable two-year pay deal reached in 1982 which does not expire until November this year.

The second tactic was the re-establishment of managerial control over manning and working practices. Before 1977, BL plants generally operated a system known as "mutuality."

This meant that if the management wanted to change working practices it had to seek agreement from the shop stewards. If agreement was not reached, the status quo was to be observed until it was a recipe for industrial relations stagnation.

To cut through this, BL introduced wide-ranging new proposals—known as the "Blue Newspaper" plans (from the paper on which they were circulated to employees)—specifically to remove employee and trade union influence," according to Willman, over issues such as standard times for jobs, manning levels, and job mobility, which were now not open for negotiation.

Buoyed up by such clear victories as the sacking of Derek Robinson, the Longbridge convenor, the Blue Newspaper proposals, like the new pay structure, were eventually imposed in April 1980. Despite vocal union opposition, 29 out of 31 working practices identified by BL or Longbridge as in need of change had been eradicated within three months; throughout the company, most changes were effected within a year.

The reform of collective bargaining and strike activity in BL Cars, 1976-1982. To be published in *Industrial Relations Journal*, Summer 1984, Vol 15 No 2.

"The reform of collective bargaining and strike activity in BL Cars, 1976-1982. To be published in *Industrial Relations Journal*, Summer 1984, Vol 15 No 2.

The study notes that at least partly because of this process of reform, BL managed to avoid the major pay disputes which characterised several other major motor manufacturers in the period, such as Ford, Vauxhall and Talbot.

The results were dramatic, though Willman warns that other factors, such as high demand for the company's new products, new investment and organisational changes, played a part.

Even so, productivity, which up to 1980, had been falling, turned sharply upwards. In the Cors group, the figures are striking: output in 1980 was 5.59 vehicles per man-year, rising to 7.45 in 1981 and as high as 14.2 in 1983, according to the company.

The study is less than sure that this stability will last, and the recent rash of disputes at Cowley and Longbridge and the current workers' sit-in at the Bathgate truck plant, which is facing closure, may hear out that scepticism.

William warns that the bonus system operating in the two plants—at the heart of both the recent disputes there—could be a source of conflict. Further automation, though much more minor than the large-scale re-tooling exercises of 1979-82, could also pose problems.

In conclusion, the study comes out with the judgment that the radical changes in the company have been successful—but that view is only tentative.

One argument is that renewed conflict will explode in the company when the opportunity presents itself. The other is that the reforms would lead themselves to conflict, as they did, but that it would be once and for all.

The avoidance of major disputes at Longbridge in 1982-83 would seem to support the latter view," Willman writes, "and thus the argument that the whole reform package has been a success."

In any event, he concludes, "the package has permanently altered the nature and extent of BL's strike problem."

"The reform of collective bargaining and strike activity in BL Cars, 1976-1982. To be published in *Industrial Relations Journal*, Summer 1984, Vol 15 No 2.

Expatriate administration

A streamlined approach

BY ARNOLD KRANSDORFF

SENDING employees abroad can be a time-consuming and complicated administrative process, as any personnel manager will confirm.

First of all there is the contractual side which probably includes agreeing a string of special provisions depending on the individual's personal situation and the particular foreign destination.

For example, the employee concerned may well have a child or children, in which case the company would probably agree to pay an allowance for school fees. Equally, the employee's salary would almost certainly be linked to the local level of inflation and the currency exchange rate.

Usually, the employee's salary is reviewed perhaps once or twice a year if the economic conditions in the foreign country are relatively stable. When conditions are volatile—as for example, in Brazil and Israel—the employee's monthly salary cheque might have to be revised up to eight times a year.

Most large companies with many expatriate staff use a computer to try to keep track of changing economic and other circumstances. Generally, a computer holds records of individuals, but the personnel department still has to do a lot of research into local conditions abroad and then revise salaries accordingly.

For instance, Ericsson, the Swedish telecommunications giant, has found that its 500 expatriates living in 54 different countries have been keeping its personnel department in Stockholm busy for a disproportionate amount of time compared with its 65,000 other workers. The groundwork for a typical revision for each of the company's outposts might take a day.

For this reason Ericsson will be a prime user of a new package developed by the Swedish subsidiary of Price Waterhouse, on behalf of SAF, the Swedish employers' federation. SAF had found itself being questioned about conditions of employment overseas and asked Price Waterhouse to help it supply its 37,000 members with information on salaries worldwide.

After initial investigation, Price Waterhouse suggested that it would be more economical to develop a comprehensive expatriate administration system that SAF could offer to its members.

Price Waterhouse claims that the package, called Caesar, requires no computer expertise and can be implemented in a few days.

In Ericsson's case, Caesar will be used on a minicomputer which the company is now installing. Its database will contain information on cost of

living and salary rates which will be fed in quarterly by Employment Conditions Abroad, the UK-based business information specialist in international salary surveys, and Business International, its U.S. equivalent. Price Waterhouse will provide details of changing tax rules around the world while Ericsson itself will key in information on exchange rates provided by its bankers on a monthly basis.

Ericsson estimates its investment in the new package to be about £50,000—equal to the cost of one man year. Running costs could be an extra SKr 84,000 a year.

The system is also being installed at SE Bank, Sweden's largest commercial bank, which has about 50 expatriates on its books, and negotiations are currently under way to install it at ASEA, the large heavy engineering group, and Saab Scania, the car, truck and aircraft manufacturer.

Marketing and Finance—Working together. C. Steiner in *The Accountant's Magazine* (UK), January 1984. Considers this interaction between finance and marketing departments can be missed through poor communication and misunderstandings suggests that finance should assist marketing in the writing of plans and the allocation of responsibilities, and that it should also provide relevant information on product and customer profitability and on the use of marketing resources.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £7 each (including VAT and p+p; cash with order) from Anbar, PO Box 13, Wembley HA9 8DU.

Management abstracts

Strategic management for the eighties. F. W. Gluck in *The McKinsey Quarterly* (U.S.), Summer '83.

Warns that successful companies in the future will not be those that merely adapt to change, but those that aggressively anticipate and exploit it, discusses the associated revolutionary changes needed in management behaviour and thinking, and considers the implications for corporate planning.

Managers, their wives and relocation. J. Marsh and C. L. Cooper in *Leadership and Organisation Development Journal* (UK), vol 4 No 1.

Discusses findings of a survey on company policies towards relocating existing and newly recruited managers,

which concludes that a key reason for managers refusing relocation is concern over children's education. Sees family ties, housing and partner careers (if any) as secondary considerations, but predicts that partner career is increasingly likely to play a more significant role.

The long-term pay agreement. J. Benson in *Personnel Management* (UK), Oct '83: p. 38 (3½ pages).

Explains Scottish and Newcastle Breweries' decision to move away from separate annual pay negotiations with different bargaining groups in an attempt to secure a more rational pay structure and more flexible working practices via an agreement that would extend over a period longer than a year; reports how this was achieved in return for the company's commitment to harmonisation, involving the standard-

isation of elements of pay and benefits across the board.

Marketing and Finance—Working together. C. Steiner in *The Accountant's Magazine* (UK), January 1984. Considers this interaction between finance and marketing departments can be missed through poor communication and misunderstandings suggests that finance should assist marketing in the writing of plans and the allocation of responsibilities, and that it should also provide relevant information on product and customer profitability and on the use of marketing resources.

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TABLE 1 BL AND THE MOTOR INDUSTRY: DAYS LOST THROUGH STRIKES

Year	Working days lost (000s)		BL Cars as % of all motor vehicles	BL Cars' employment as % of all motor vehicles
	BL Cars	All motor vehicles		
1975	302.1	824	36.4	28.7
1976	323.1	785	41.2	27.4
1977	848.8	2,745	30.7	31.4
1978	253.9	3,362	7.6	25.5
1979	374.4	3,984	12.5	23.4
1980	337.2	436	77.5	22.3
1981	304.8	749	40.2	23.2
1982	14.1	551	2.6	18.4

TABLE 2—BL STRIKE LOSSES 1977-82

Year	Man-days lost (million)			Vehicles lost (000s)
	Internal	External	Total	
1977	1.85	1.53	3.38	251.5
1978	1.25	0.06	1.31	131.2
1979	1.89*	0.16	2.05	123.8
1980	0.44	0	0.44	51.7
1981	0.28	0	0.28	44.5
1982	0.28	0	0.28	9.7

* Includes losses from national engineering strikes.

This announcement appears as a matter of record only.

NEW ISSUE



April 4, 1984

¥30,000,000,000 International Bank for Reconstruction and Development

Japanese Yen Bonds of 1984—Twenty-sixth Series 7.4% at 99.50% due 1996

The Nikko Securities Co., Ltd.

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| Daiwa Securities Co. Ltd. | Yamaichi Securities Company, Limited | The Nomura Securities Co., Ltd. |
| The Nippon Kangyo Kakumaru Securities Co., Ltd. | New Japan Securities Co., Ltd. | |
| Sanyo Securities Co., Ltd. | Wako Securities Co., Ltd. | Kokusai Securities Co., Ltd. |
| Merrill Lynch Securities Company, Tokyo Branch | Salomon Brothers Asia Limited, Tokyo Branch | Osakaya Securities Co., Ltd. |
| Dai-ichi Securities Co., Ltd. | Okasan Securities Co., Ltd. | Bache Securities (Japan) Ltd., Tokyo Branch |
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| Smith Barney, Harris Upham International Incorporated, Tokyo Branch | The Izumi Securities Co., Ltd. | |
| Marusan Securities Co., Ltd. | Ichiyoshi Securities Co., Ltd. | Mito Securities Co., Ltd. |
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| National Securities Co., Ltd. | The Toko Securities Co., Ltd. | Vickers da Costa Ltd., Tokyo Branch |
| Maruman Securities Co., Ltd. | Nichiei Securities Co., Ltd. | Daito Securities Co., Ltd. |
| The Chiyoda Securities Co., Ltd. | Daifuku Securities Co., Ltd. | Meiko Securities Co., Ltd. |
| Hinode Securities Co., Ltd. | The Kaisei Securities Co., Ltd. | Okatoku Securities Co., Ltd. |
| Naigai Securities Co., Ltd. | The Nippon Securities Co., Ltd. | Utsumiya Securities Co., Ltd. |
| Takagi Securities Co., Ltd. | Towa Securities Co., Ltd. | Chuo Securities Co., Ltd. |
| Jardine Fleming (Securities) Ltd. | Kidder, Peabody & Co. Incorporated, Tokyo Branch | Hiraoka Securities Co., Ltd. |
| The Shinyei Ishino Securities Company, Limited | | |

NEW ISSUE

This announcement appears as a matter of record only.

April 27, 1984



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Japanese Yen 20,000,000,000 7% Yen Bonds of 1984, due April 27, 1994 (Sixth Issue) ISSUE PRICE 99 5/8%

The Nikko Securities Co., Ltd.

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|---------------------------------------|--------------------------------------|--|
| Daiwa Europe Limited | Nomura International Limited | Yamaichi International (Europe) Limited |
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| Deutsche Bank Aktiengesellschaft | IBJ International Limited | LTCB International Limited |
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| | | Union Bank of Switzerland (Securities) Limited |
| | | S.G. Warburg & Co. Ltd. |

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| Bank Leu International Ltd. | Bank Mess & Hope NV | Bank America Investment Banking Group |
| Bankers Trust International Limited | Banque Arabe et Internationale d'Investissement (B.A.I.I.) | Banque Bruxelles Lambert S.A. |
| Banque Française du Commerce Extérieur | Banque Générale du Luxembourg S.A. | Banque Indosuez |
| Banque Internationale à Luxembourg S.A. | Banque Nationale de Paris | Banque Paribas |
| Baring Brothers & Co., Limited | Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft | Bayerische Vereinsbank Aktiengesellschaft |
| Bayerische Vereinsbank Aktiengesellschaft | Bear Stearns International Limited | Bergens Bank A/S |
| Caisse de Dépôts et Consignations | James Capel & Co. | Chase Manhattan Capital Markets Group |
| Chemical Bank International Group | CIBC Limited | Citicorp International Bank Limited |
| Copenhagen Handelsbanken A/S | Comau Bank Limited | Credit Agricole (CNCA) |
| Crédit Communal de Belgique S.A. | Crédit Industriel et Commercial | Crédit Lyonnais |
| Creditanstalt-Bankverein | Dai-ichi Kangyo International Limited | Den Danske Bank af 1871 Aktieselskab |
| DG BANK Deutsche Genossenschaftsbank | Dean Witter Reynolds Overseas Ltd. | Deutsche Girozentrale—Deutsche Kommunalbank |
| The Development Bank of Singapore Limited | Dillon, Read Overseas Corporation | Dominion Securities Asset Limited |
| Dresdner Bank Aktiengesellschaft | Drexel Burnham Lambert Incorporated | Enskilda Securities Skandinaviska Enskilda Limited |
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| Genossenschaftliche Zentralbank AG Vienna | Girozentrale und Bank der Österreichischen Sparkassen | Goldman Sachs International Corp. |
| Gulf International Bank B.S.C. | Hambros Bank Limited | Hill Samuel & Co. Limited |
| Kidder, Peabody International Limited | Kleinwort, Benson Limited | Kreditbank N.V. |
| Kuwait Investment Company (S.A.K.) | Lazard Frères et Cie. | Kuwait International Investment Co. S.A.K. |
| Lloyds Bank International Limited | Manufacturers Hanover Limited | Merrill Lynch Capital Markets |
| Mitsubishi Finance International Limited | Morgan Grenfell & Co. Limited | Mitsubishi Trust & Banking Corporation (Europe) S.A. |
| Samuel Montagu & Co. Limited | Sal Oppenheim jr. & Cie | Morgan Guaranty Ltd |
| Nederlandse Credietbank N.V. | PK Christiania Bank (UK) Ltd. | Orion Royal Bank Limited |
| Pierson, Hedring & Pierson N.V. | Postipankki | Privatbanken A/S |
| Salomon Brothers International | J. Henry Schroder Wagg & Co. Limited | N.M. Rothschild & Co. Limited |
| Société Générale de Banque S.A. | Spaarsbanken Ode Akerhus | Spaarsbanken SDS |
| Sumitomo Finance International | Svenska Handelsbanken Group | Swiss Bank Corporation |
| Union Bank of Finland Ltd. | Verins- und Westbank Aktiengesellschaft | Wardley London Limited |
| Wood Gundy Limited | Yasuda Trust Europe Limited | Westdeutsche Landesbank Girozentrale Zentralsparkasse und Kommunalbank, Wies |

THE ARTS

Duckin' n' Divin'/Bubble

Martin Hoyle

Buoyantly undaunted by last year's financial crisis, Bubble is bobbing on Blackheath, in south London...

Leicestershire Schools SO

Andrew Clements

The Leicestershire Schools Symphony Orchestra gives a concert in London every year, but can rarely be brought...

Ralph Kirshbaum/Wigmore Hall

David Murray

Of perfectly normal length, Mr Kirshbaum's programme on Saturday was dense with great music—the cello sonatas of Debussy and Elliott Carter...

Television/Christopher Dunkley

A message from Room 194

Dateline Banff, Canada

Given that the Banff Springs is not only one of the world's great hotels but set in some of the most astonishingly dramatic scenery...

version of the Brecht-Weill fable. There were two more entries in that category, but the Hungarians duly won the Best Fine Arts Programme prize.

incent in a programme aimed at a mass audience, it seemed clear that although American television drama may once have lagged behind British drama...

suggested by such success, many of them are deeply uneasy about the possibility of maintaining a truly Canadian television service...

The Cherry Orchard/Leicester

Michael Coveney

Shire taking over as artistic director at the Leicester Haymarket, David Aukin has collaborated on three West End projects — Fossilium, Play, O'Toole's Pygmalion and West Side Story...



A winning team: Leo McKern as Rumpole and Patricia Hodge as Phyllida Trant in the award winning series, "Rumpole of the Bailey."

Britons Adrian Malone and Richard Gill in association with the BBC could be considered this year's most successful competitors.

delegates' time in the second week of the festival we heard much ominous talk about the total deregulation of television in the U.S.

with dog kennels. There is no doubt that the programmes most are pulling out of the sky are American: today only 5 per cent of the drama broadcast on Canadian television is Canadian...

A Study In Scarlet/Swindon

B. A. Young

Conan Doyle's book, the first of the Sherlock Holmes stories, is only half about detection. In the middle there's a long flashback that takes the action from Baker Street to Utah 20 years before...

Saleroom

A world record auction price for a toy of £25,000 was paid at Sotheby's in London yesterday for a Marklin tinplate model of "The Rocket"...

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

May 25-31

Theatre

LONDON

A Strachan's Named Desire (Mermaid): Sheila Black gives the performance of her life as Blanche Dubois in At a Strachan's excellent revival...

more's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (S30 8888).

Nine (4th St): Two dozen women surround Sergio Fringis in this Fray's backstage slapstick farce to Broadway in Michael Blakemore's production...

Notes Off (Brooks Atkinson): Dorothy Muzek was so enamoured of the performance of his play The Ambassador given by members of Dramaten, the Royal Dramatic Theatre in Stockholm...

A Summer's Day / Dramaten

Ossia Trilling

The Polish dramatist Slawomir Mrozek was so enamoured of the performance of his play The Ambassador given by members of Dramaten, the Royal Dramatic Theatre in Stockholm...

BEING KNOWN AS A NUMBER CAN BE A VERY PERSONAL THING

Look for example, at the individual registration number on the back label of your bottle of Beefeater Gin. If it were JF 122146, it would tell you that your Beefeater was distilled Thursday, January 5, 1984, under the supervision of Thomas Bowman, Master Stillman...



FINANCIAL TIMES

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Wednesday May 30 1984

EUROPEAN INDUSTRIAL RESEARCH

The pressure to club together

By David Fishlock, Science Editor

Freer access to Japan

JAPAN'S announcement yesterday of a series of measures to deregulate its financial markets was clearly timed to help sweeten its relations with the other six countries at next week's economic summit meeting in London.

By according to U.S. pressure to make the yen more available to international investors, the Japanese Government has strengthened its moral case for a more urgent assault on trade protectionism. With a current account surplus estimated unofficially to be about \$35bn this year, Japan also has an important interest in the world market means to allow foreign banks freer access to its own markets.

Yen base

International pressures have been working in powerful concert with domestic arguments for decoupling of the highly compartmentalised structure of Japan's financial system and its tight control over interest rates. This is because the three-headed aspects of financial reform now being discussed in Japan are closely intertwined. They are: measures to make the yen more available internationally; decoupling of domestic interest rates from world markets; and measures to give foreign institutions more access to Tokyo markets.

Yesterday's announcement promises, for example, that foreign banks will be freer to compete for deposits by the issue of yen-denominated Certificates of Deposit in Japan. This will make it easier for them to build up a yen base for doing business in Japan, but it will also have an effect on domestic interest rates. However, the Bank of Japan has been arguing for some time that the country cannot expect to insulate itself as much as in the past from world interest rate pressures.

The most pressing reason is that in 1985 and 1986 the Japanese government faces a large funding problem when a "hump" of 10-year debt will need to be financed in addition to a budget deficit which is relatively as large as that in the U.S.

The traditional method of selling 10-year bonds to the Bank of Japan at below market interest rates is coming under increasing pressure. Commercial banks, to whom the bonds are off-loaded, are now able to sell maturing bonds to the public at market rates, and have therefore become more reluctant to purchase expensive new issues.

Moreover, the era of small budget deficits with a chronic shortage of funds in the corporate sector is now seen to be over. Slower economic

growth has reduced the need for industrial investment. The corporate sector, now flush with funds, has been pouring its cash overseas, mainly into U.S. Treasury bonds. This capital outflow, which reached \$34bn last year, has helped to counterbalance the enormous trade surplus at a relatively low exchange rate; but in the next two years, the Japanese Government will need to divert at least some of that flow into its own funding effort. The obvious conclusion is that it will have to raise interest rates to achieve this, although there is still evidence of some reluctance in the Ministry of Finance to bite this bullet. Yesterday's announcement described only a gradual progress towards a more diverse and market-orientated funding policy.

Gradual progress is indeed the hallmark of all the measures, and there appears to be a consensus from the Socialist Party to the ruling Liberal Democrats that a slow but steady approach to liberalisation is the best one. Where regulations are abolished, the Japanese practice of giving strong "guidance" to its institutions will ensure that no earthquakes are allowed to occur.

For this reason the initial idea of the U.S. Administration that financial liberalisation would push up the yen now seems highly questionable. In the near term the present consensus seems to be that the measures will make little difference.

Uncertainties

Beyond that, the horizon becomes blurred by uncertainties about U.S. policy and the markets' perceptions of Japan and of the yen as an international asset. Japan has compared with the other major currencies. The stability of the yen will also depend on the extent to which traders decide to use the currency for settlement in preference to the dollar.

In a longer perspective yesterday's rather detailed package may come to be seen as part of a slow evolution which started with the relaxation of exchange controls in 1980. The vision of Tokyo as a vigorous financial counterpart to London and New York is still somewhat distant, but it is clear that Japan is playing a part in forging yesterday's agreement with the U.S.

If Japanese banks are to widen their competitive scope in the world, they will inevitably have to accept greater competition, and hence tighter margins on their home territory. The move towards fairer and more open competition can only be welcomed.

TWO Italian research managers recently made a pointed criticism of the competitiveness of European industry. They published a paper which included a table of the "many new products and processes" recently generated and marketed by European industries. The table was completely blank.

The point may be exaggerated but Europe's research managers know how uncomfortably near the truth it is. Their governments are struggling to stem the tide of science-based imports from Japan and the U.S.

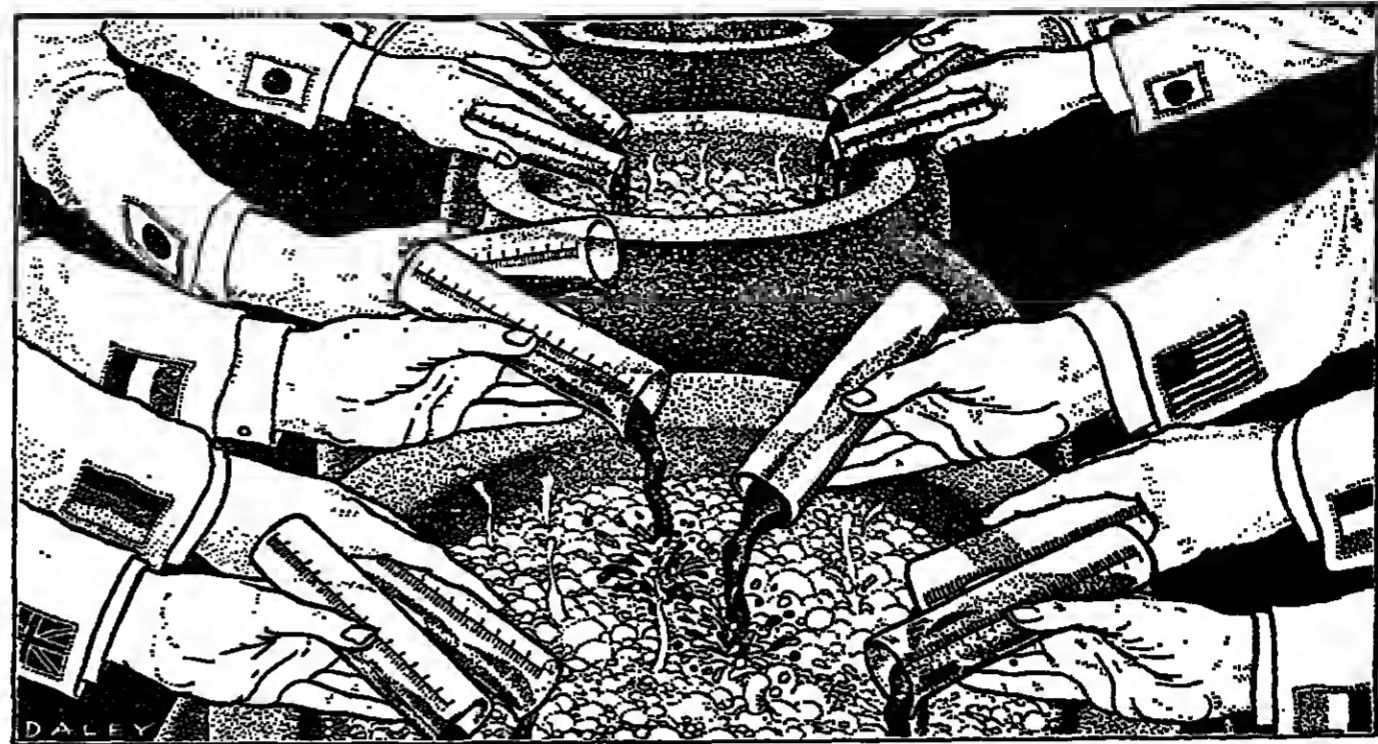
Co-operation between previously competing companies and industries help to redeem European innovation? Even the great research-based companies of Japan seem to see this as the future, with for example, the Government-backed long-range research collaborations in supercomputers and biotechnology, announced in the past two or three years.

Europe has responded with Esprit, the aptly named European Strategic Programme of Research in Information Technology, which pools the long-range research of a dozen European electronics companies to the technology for making "chips". Participants are GEC, ICL and Plessey (Britain); Siemens, AEG, and Wipac (Germany); Thomson-CSF, Honeywell-Bull and CIT-Alcatel (France); Olivetti and STET (Italy) and Philips (the Netherlands). Like the Japanese programmes, Esprit focuses on "pre-competitive research", designed to lay the foundations for the different commercial policies each participant will adopt when it comes to the product development stage.

Springboard for the Japanese collaborative programme for the fifth-generation or "thinking" computer was an earlier collaboration launched in 1976, which succeeded in giving the Japanese electronics industry the edge in world markets with very large scale integration—very big chips.

Even as a response to the Japanese collaboration on a fifth-generation computer, Esprit took over two years to negotiate and test with a \$25m pilot exercise, before the full-scale programme was agreed by governments this spring. Yet that may prove swift for such a radical initiative.

Dr A. E. Pannenberg, Philips research director, sees it "first and foremost an exercise in international co-operation within the Common Market area," with the extra EEC money only a secondary consideration. Dr Pannenberg, addressing a recent meeting of the European Industry Research and Management Association, recalled that since the second World War he had been involved with a Philips policy of establishing R and D in several European countries. "It is my experience that the cultural and language and other barriers within Europe



are such that it takes a full generation before you arrive at the point where you are able to work with a colleague from another country as smoothly as you do with your own countryman.

Dr Pannenberg sees three deficiencies in European research and development, compared with Japan and the U.S.: slowness of decision and implementation; aversion to taking risks; lack of recognition of a continental scale of effort. He thinks Esprit risks worsening these deficiencies "because it's cumbersome to start with." But without some such co-operative effort to elevate the effort to European scale, he believes advanced electronics

It needs about six companies to get a club started

technology will wither anyway. Mr Brian Oakley, director of Britain's Alvey programme—the national response to the "Japanese threat," but cross-linked to Esprit—has admitted that he has been "disappointed at the rate at which we've been able to get projects going."

Nevertheless, the rapidly accelerating pace of innovation and the escalating costs of the associated manufacturing technologies have given a big impetus to the idea of collaboration between electronics companies.

Can other industries and techniques benefit too? Professor Paolo Fasella, EEC director for science, R and D, is an enthusiast for the idea of pre-competitive research, aimed at sharing "risks, cases and benefits," by integration over a wide market of the results of the research preceding product or process development. His sequel to Esprit is to be a biotechnology programme,

agreed in principle at the Stuttgart Economic Summit last summer. The EEC plan is to be considered by the Council of Ministers on June 8. Prof Fasella's directorate is proposing a programme costing the EEC \$5m over five years.

Prof Fasella is eager to involve industry, as in Esprit. His plans suggest that in choosing projects for support it will favour well-founded collaborations between companies and universities as the Alvey programme in Britain is doing. But it is still early days. "So far industry has barely been consulted about the European biotechnology programme," co-opts Dr Ron Coleman, the Government's chief biotechnologist.

Collaborative research between companies has a long tradition. Britain set up several dozen co-operative industrial research associations serving specific industries after the First World War when the Government recognised just how dependent its war machine was on German innovation. Krupp, for example, held the patents on the Royal Navy's armour.

Mr Oskar Roth, chief engineer and scientist to the Department of Industry, recently gave a House of Lords select committee this overview of research associations today: "We have big ones and small ones, but in all things, there are good and bad. The good ones, he said, include two serving the engineering industries (the Welding Institute and the British Hydraulics Research Association) and one serving the steel industry (the Shree and Allied Trades Research Association) all of which give "first-class technology support to the industry." On the bad ones he was discreetly silent except to hint that they wouldn't get further DTI funds.

Harwell, research centre of the UK Atomic Energy Authority, invented a new kind of co-operative in the late 1960s when it embarked on a government-backed programme of technology transfer to industry. It created the "club" of industrial companies willing to support a programme of generic research at Harwell.

Dr Roo Sowden, Harwell's director of industrial research, now has a dozen such clubs, worth about \$3.5m a year in subscriptions to Harwell. "A damn good way of getting technology transfer," he says. He has ideas for another 14 under consideration.

It needs about six companies to get a club started. This is never easy because Harwell itself must offer a well-thought-out programme, and potential subscribers must be convinced that Harwell should retain the "intellectual property" rights, while they remain free to license and freely to buy R and D by Harwell outside the club.

If he has a worry about his research club, it's the amount of management effort they entail (just as the Japanese found with their first collaboration), the oldest—heat transfer—has been running since 1968 and has 167 subscribers. One club, based on using lasers to peer inside petrol engines that are running, has proved so successful it worked itself out of a job. The subscribers found their results "so appetising" they all went off to use the technique themselves, Dr Sowden claims.

This is the pattern successful collaboration should follow, research bodies or companies making their own individual development and applications programmes, he says.

Increasingly Harwell is looking overseas for new club members. Half of its subscribers to the heat transfer club are foreign.

One of its clients is a Joint Research Committee set up by six European motor manufacturers—BL, Fiat, Peugeot, Renault, Volvo and VW—in 1980, to help combat the U.S. and Japanese threat. Its aim is to pool basic research on such "social" matters as energy conservation, reliability, safety and environmental protection. Four years on, with a dozen projects started, Mr Mike Lewis of BL Technology can say confidently that the difficulties are largely behind us.

The Alvey Directorate is Britain's most ambitious research club, born of a series of more modest directorates created by the Science and Engineering Research Council.

Collaboration as a way of spreading "entrance fees"

to get more university research behind such activities as polymer engineering and marine technology.

Government and industry have pledged \$350m of "Alvey money" including \$50m for universities. The most spectacular part of the programme is to be four demonstrator projects—in effect, "thinking computers." Each will think about a specific problem. Each will be managed by a consortium of industrial hardware and software interests backed by university research. Over 200 applications for Alvey money have already been made.

The U.S. has also attempted to form pre-competitive industrial bodies, for example in the electrical and electronics industries. Biggest of all the co-operative research organisations is the Electrical Power Research Institute (EPRI) in California, set up in 1972 to upgrade the technology of the U.S. electricity industry. Its

budget is nearly £250m this year. It has R and D exchange agreements with 11 overseas organisations, including the British and Irish electricity industries. EPRI has jointly funded research on "acid rain" by the Central Electricity Generating Board.

Opportunity can also drive disparate industries into each other's arms in long-range research. Five British companies in quite different industries have set up a new co-operative research centre at Leicester University. Each has a different objective in joining, but in each case it relates to a crop or crops of direct interest to their business.

John Brown, Dalgety, Distillers (food group), Callagher and Whitbread have each put £250,000 into a joint research programme to plant genetic engineering. Other donations bring start-up funds for the Leicester Biocentre to more than £2m. Dr Geoffrey Potter, who heads the Biotechnology Directorate of the Science and Engineering Research Council, and helped found the Leicester Biocentre, is now trying to launch a similar club to tackle a research in protein engineering—the technology of the future in biotechnology.

Of a dozen UK companies he approached, six have indicated interest in subscribing to a joint research programme to be mounted in British universities: Celtech, Glaxo, ICL, Sturges, Tate and Lyle and Unilever. But others such as Shell, Wellcome and Beecham said no. While Prof. Fasella speaks enthusiastically of "a new mood in European industry" and claims that industrial sectors which previously would scarcely have given a thought to research co-operation are now showing interest in Esprit-type programmes, others counsel caution.

Dr Harry Beckers, Shell's research co-ordinator, says one should never forget that research is very much an individual activity. "Too much cooperation, stimulation in particular directions, loss of freedom, may detract more from research than is gained by all our efforts to increase the efficiency of R and D in Europe."

Dr Duncan Davies, a former DTI chief scientist, expands on this. "Too much cooperation, stimulation in particular directions, loss of freedom, may detract more from research than is gained by all our efforts to increase the efficiency of R and D in Europe."

Perhaps makers of microwave cookers — "still primitive and research bodies, for example in the electrical and electronics industries. Biggest of all the co-operative research organisations is the Electrical Power Research Institute (EPRI) in California, set up in 1972 to upgrade the technology of the U.S. electricity industry. Its

Adjustment in motor industry

THE DISTINCTION between sunrise and sunset industries is generally misleading, as the case of the motor industry clearly shows. As a sector which employs large numbers of people on mostly unskilled jobs, it might seem an obvious candidate to follow textiles and garments to the newly industrialising countries. Yet the motor industry is going through a period of change, affecting both the product and the manufacturing process, which is likely to increase its demand for highly skilled and adaptable workers.

Improvements in fuel efficiency, greater use of high-strength steels and other new materials, and the development of new engines—these and other factors require new approaches to product design; factories are being transformed by robots and flexible manufacturing systems. According to a recent report by the OECD on the industry's long-term outlook, investment in research and development will be a decisive factor in the competitiveness of vehicle manufacturers.

Competitive

Although countries like Brazil and South Korea will enlarge their share of world automotive production, the main battleground will continue to be the advanced countries of Japan, Western Europe and North America. Companies in these areas have to respond to rapid technological change while demand for their products is growing relatively slowly; temporary periods of excess capacity will add to the pressure on margins.

In competitive terms the most spectacular event of the past decade has been the rise of the Japanese, who now have a world lead in manufacturing technology. Companies in Europe and the U.S. have been forced to adopt Japanese production methods and management practices—a process which is very far from complete. General Motors, for example, is entirely

rethinking its approach to manufacturing small cars. At the same time the Japanese face problems of their own as they build up their manufacturing operations in Europe and the U.S.

Strategies range from specialisation along the lines of Daimler-Benz and BMW to the global manufacturing and supply networks developed by General Motors and Ford. Technological change creates opportunities for companies of varying size and structure; the industry is unlikely to settle into an oligopoly of three or four giant producers. What is certain is that the survivors will be quick to adapt to changing technologies and markets and competitive in costs.

Protectionist

The great danger is that for political and social reasons governments will impede the process of adaptation and make a "lame duck" out of an industry which is still capable of playing a dynamic role in the world economy. The rapid rise in Japanese exports has triggered a protectionist response in many countries. The OECD report comments: "Having slid haphazardly into the present situation, where major trade flows are subject to restrictions, the danger is that this state of affairs will become permanent."

The resistance to job losses in the French industry and the controversy over import quotas in the U.S. illustrate two aspects of the problem. Meanwhile the developing countries introduce their own distortions through local content rules, minimum export requirements and the like. It is not fanciful to see the motor industry going the way of steel, where world trade is now hemmed in by a host of apparently permanent bilateral agreements. That fate will only be avoided if governments are convinced that the long-term gains from free trade outweigh the short-term advantage of preserving threatened car factories.

Preston fills the gap

Who will fill the leadership vacuum at the top of the U.S. banking community when Walter Wriston moves out after 14 years as chairman of Citicorp?

So far no other chairman of a U.S. bank has come close to matching Wriston's commanding presence on the international banking scene. But there are those who think that Lewis Preston, chairman of J. P. Morgan, may fit the bill.

The 57-year-old Presto was recently chosen to brief central bankers on the international debt crisis at a "bush-bush" meeting at the New York Fed; and over the last few weeks, he has played a key part in putting together the rescue package for Continental Illinois, the big Chicago bank.

Unlike Wriston, Preston shies away from publicity. So when he appeared as the subject of this month's cover story in a new U.S. magazine called "M—The Civilised Man," it raised a few eyebrows. Was this the first move towards a higher public profile?

Under the strapline "Overbred, Overfed and Misunderstood: the Morgan banker," the article gives a rare insight into Preston and his bank.



Men and Matters

Rival bankers, says the magazine, consider the Morgan variety "a chubby, stuffed shirt and an insufferable elitist." But Preston goes to some lengths to play down the assertions that the bank is only interested in "handsome, athletic, waxy candidates from good neighbourhoods and some of the nation's best business schools."

"If you didn't go to St Paul's or Harvard, you may even stand a better chance of getting in here," says Preston, who went to both.

Let be accused of being too much of a maverick, however, Preston does have a few reassuring words to say on the important subject of bankers' lunches. "I am not sure how much constructive business conversation goes on in the dining room," he says, "but it sure is damn good fun."

On the table

When it comes to selling hotel bedrooms, as Giles Stephens, managing director of the Savoy group, remarked yesterday, there is nothing like a reputation for good meals.

The beds may be comfortable, the sheets made of linen, the baths like swimming pools—but the food is usually the most important recommendation.

On this score, Shepard assured the 95th annual meeting of the group's shareholders, the Savoy, and its sister hotels, the Connaught, Claridge's and the Berkeley, are still second to none.

Last year, he said, the group served 828,683 meals. Among the items consumed were 13,399 sides of smoked salmon, 289 tons of meat and 315,900 bottles of wine. No mean catering feat—and it brought in £17.5m. Replete with such figures—underlying a record trading profit of £4.5m—chairman Sir Anthony Tuke affirmed that the

Banking risks

deteriorated defence of the group's independence by his predecessor Sir Hugh Wootten would continue. Eat your heart out, Lord Fort.

Before its smart banking ball on Charlotte Square was complete the carpenters put a nail through a central heating pipe and flooded the basement.

Chairman Gordon Heary also tells of a chemical used to rid the floors of the bank of the Staff in the offices downstairs found themselves being choked by evil-smelling fumes.

Watershed

Dick Perry shortly takes over one of the most glamorous jobs in the motor industry—chief executive of Rolls-Royce Motors. But during a lifetime in the business, Perry has had his share of less salubrious occupations. He was involved, for example, in the launch in 1981 of the Austin Mini, a car which was to become a huge success but got off to a poor start. Drivers of the early production models often found themselves up to the ankles in water when it was raining.

The company then had none of the highly-sophisticated research techniques available to the industry today. It attempted to find the leak by sending a Mini in and out of the water-spill at the Lonchridge plant.

It was Perry, then personal assistant to the production director, who spent hour after hour with his head under the passenger seat trying to spot where the water was coming in.

Private health insurance for individuals would have been prohibitively expensive for many of the islanders. But by effectively turning Sark into a business entity the rates have been brought down to between £90 and £180 a year for each islander.

Lend an ear

Who is this mysterious "Bank of England official" that Presto Martin, the Fed governor, quoted as the source for his reassuring words: "Lead, lend, hold, and keep on lending"—on Fed policy towards the U.S. bank crisis.

They weren't too sure when I called the Bank yesterday. But my researchers tell me it was Walter Bagshot who actually wrote: "Lead, lend, hold, so that the public may feel you mean to go on lending."

Nice to know the Fed intends to keep pouring money over the flames, but not a few bankers were wondering yesterday whether it should have been put quite so plainly.

Healthy business

The feudal isle of Sark in the English Channel has joined with local insurance brokers Rossborough's to cater for the medical care of its 420 inhabitants by setting up a Private Patients Plan scheme for the island.

Sark is being treated as a company and a standard PPP scheme for business concerns is being adapted.

Sark has always made use of the medical facilities on the larger neighbouring island of Guernsey. But problems arose for the smaller island when the Guernsey Board of Health suggested raising Sark's contribution from £12,000 a year to a more realistic figure, £58,000.

Private health insurance for individuals would have been

66 If you want to sell a product in the European Common Market, the best place to make it is Northern Ireland. 99

SAM FOX, CHIEF EXECUTIVE OFFICER, SYNTHETIC INDUSTRIES, CLAYTON, MISSOURI

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THE NORTHERN IRELAND PARTNERSHIP

Observer

NATO STRATEGY

Issues swept under the carpet

By Bridget Bloom, Defence Correspondent

THE North Atlantic Treaty Organisation, founded 35 years ago this year, has seen a colossal success...

Nato foreign ministers meeting in Washington this week for their annual spring meeting do, therefore, have some excuse for self-congratulation...

Events since 1949 have changed greatly the climate in which it operates, yet in certain key areas Nato itself has either not changed at all, or not changed fast enough...

Today, in an era of almost unprecedented popular debate about defence, Nato is falling properly to address three major questions: its nuclear strategy; its absence of a Nato policy towards the Middle East...

Nato was created almost four years after the end of the Second World War. As Professor Michael Howard has noted, its prime purpose was

to reassure a Western Europe lacking in political confidence and economic strength. But Nato governments then viewed it—and still in large part do today—as a defensive alliance against a real threat of military invasion of central Europe by the Soviet Union and its Warsaw Pact allies.

It could well be argued that that threat does not look credible today only because the deterrent posture of the alliance has succeeded. That is impossible to prove. What is certain is that Nato has built up and continues to refurbish its vast armaments to meet the threat of an invasion across its borders in central Europe or on the flanks, while preferring collectively to ignore possible threats elsewhere.

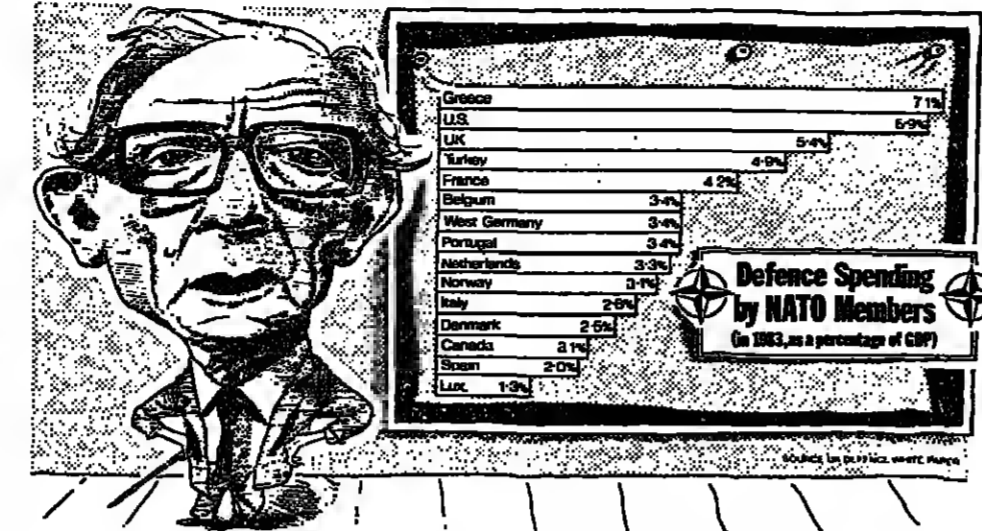
Arguments as to why Nato's nuclear strategy lacks credibility have been much rehearsed in the past year or two—although they have been heard much more outside Nato than within it. In 1949, when the U.S. had a virtual monopoly of nuclear weapons, a strategy which envisaged a strategy of retaliation with nuclear weapons against any major conventional attack by the Soviet bloc had an obvious deterrent value.

By the late 1950s, as the Soviet Union began to build up its own nuclear arsenal, the credibility of the strategy was already weakening. By the mid-1960s officials were fashioning a new doctrine of flexible response, finally adopted by Nato in 1967.

Flexible response envisages the graduated or flexible use of a "triad" of conventional, short and of long-range nuclear weapons in response to a Soviet conventional attack.

In 1967, Nato strategists interpreted this as meaning the first use by Nato of nuclear weapons, but probably of a single explosion sufficient to bring the adversary to the negotiating table. However, Nato doctrine has in turn become less and less credible as Moscow has achieved nuclear parity with the U.S. and less and less acceptable as it has come to be realised that any use of nuclear weapons would have immediate and all-out nuclear war.

In so far as the issue is being debated within Nato it centres on the need to increase the



Lord Carrington: could help restore to Nato a purpose more in tune with the times

alliance's conventional forces, both absolutely and through the addition of 'emerging technology' weapons which it is argued, will help to raise the threshold at which nuclear weapons would have to be used.

Nato officials, generals and ministers all argue that this does not mean that the strategy of flexible response is discredited—merely that Nato's triad of forces has become unbalanced and that the conventional "leg" needs to be strengthened.

This is an argument employed by Gen Bernard Rogers, the U.S. Supreme Commander in Europe, though all European governments flinch from the extra costs.

Rogers now says his programme should raise a 7 per cent annual real rise in defence budgets, when few nations are making 3 per cent.

Nato also flinches from facing up to the strategic implications of the drive to improve conventional forces and the introduction of "ET" weapons. It is clear that the U.S., whose industries are leading in ET weaponry, believes that it calls for a larger more flexible battlefield, principally because ET allows much more accurate and immediate detection and acquisition of targets much further behind battlelines than is now possible. Such new tech-

tics, however, would almost certainly mean effectively abandoning the forward defence of West Germany in the interests of greater manoeuvrability.

That these arguments have not been admitted publicly or reported within Nato is principally because its members cannot afford to address them if they are to retain their relative parity. A devastating analysis of what this has meant for Nato planners has recently come from Mr A. King-Harman, formerly a senior official in Nato's Brussels headquarters.

Mr King-Harman reports that Nato ministers have not requested officials to prepare a long-term strategic analysis on which to base Nato policy since the mid-1960s. Ministers thus do not have an agreed guidance as to what Nato believes Soviet intentions might actually be, nor is there an official assessment of how long or short a war Nato should plan for.

Overall he paints a picture of Nato's conventional force planning which consists principally of military commanders drawing up lists of requirements, followed by bargaining between nations as to who can afford, against the background of a threat assessed only in crude numerical terms.

Nato's inability to formulate policies in relation to non-Nato

greeted the initiative, launched by Mr Caspar Weinberger, the U.S. Defence Secretary, in December 1982, with considerable caution and suspicion, noting that all key weapons systems being suggested for adoption were of U.S. origin.

A very recent combined British and Dutch initiative is also endeavouring to get members of the Independent European Programme Group (basically European Nato plus France) to widen and deepen collaborative arms production in Europe.

Such efforts have been made before and have failed. The new element this time, by no means certain to lead to success, is the great expense of the new ET weapons and the tightening belt around defence spending in all European capitals.

It may be, as Mrs Kirkpatrick believes, that Nato is a flexible enough instrument not just to survive but to adapt and help preserve the peace for many years. Certainly if it is to survive it will do so as an alliance of sovereign nations, dependent on consensus and thus condemned to change only slowly.

Some of the frustrations which arise from this are already leading key nations, particularly France and Germany, to canvass a revival of the Western European Union, which embraces major European Nato and EEC members—but not their more difficult partners.

But for Nato itself, the 35th anniversary does present some new opportunities.

Above all the foreign ministers could give a somewhat freer hand to their new Secretary General, Lord Carrington, than they gave (or he was inclined to take) Dr Joseph Luns, who has held the post for the past 14 years.

The fact of Nato being 35 sovereign nations inevitably circumscribes the activities of the Nato secretary-general. But Lord Carrington, former British Foreign Secretary, who has made it clear that he is unreservedly in favour of serious political relations with the Warsaw Pact, has a reputation as an unstuffy, highly-skilled diplomat who could well, given a chance, help to restore to Nato a purpose more in tune with the times.

Lombard

Open the box Mr Murray

By John Lloyd

MR LEN MURRAY should add to his long list of services to the trade union movement before he retires from the general secretaryship of the TUC later this year by opening up the process for choosing his successor.

Constitutionally, a new general secretary is elected by Congress, with delegates—disposing of the votes of millions—solemnly holding up their cards for someone few know as other than a name on documents. Actually, until now, that person has always been chosen by the leading General Council members—a choice made easier by the availability of the deputy to the outgoing secretary.

This time round, Mr Norman Willis, the deputy secretary, is not necessarily the natural successor. A poly-poly rascal (who is said by his supporters to have a keen mind) he has not given the impression of gravitas necessary to secure the automatic nod from the greybeards on the General Council. He faces a strong challenge from Mr David Lea, a younger, undoubtedly serious economist who is one of the TUC's two assistant secretaries.

Mr Willis, because of his previous career in the Transport and General Workers' Union, may secure much of the left vote: Mr Lea will then—in the sectarian way of the TUC—take much of the centre-right. Yet no council member knows whether the first is a left winger and the second a centre-rightist, since both men have imbibed the Civil Service ethos. Mr Murray has been careful to maintain at Congress House, and have successfully kept their ideological sympathies—if any—to themselves.

Not, more importantly, can anyone have a feeling for either man's vision of trade unionism, and its place in society. It is critically important for both trade unionism and society that the next general secretary's views on these and other issues should be known before his election. The job is, in part, that of the "movement's permanent secretary": but what

makes it such a sharp bed of nails is that it is, at times, that of the movement's public leader, too. Mr Murray acted as a permanent secretary when, last year, he developed the package of flexible responses which came to be known as new realism: he then had to go to the rostrum and sell it, and stick with it through times so thin they could not sustain his weight.

The man (it will be a man) who takes over this highly politicised job should be exposed to an audition or two before he steps from the shadows on to a glaringly exposed stage. Mr Willis and Mr Lea should run a campaign, facing their future affiliated members in public halls, or sieved through the interrogatory mesh of Sir John Dwyer or Mr Brian Walden's questioning.

So should others. Outside of Congress House, there is not a wealth of talent but there is some. Mr Alex Ferry, secretary of the shipbuilding and engineering unions' confederation is a shrewd Scots administrator who romances great respect: so does Mr Gavin Laird, secretary of the main engineers' union.

The movement also has two nicely balanced young stars in Mr Rodney Bickerstaffe, the health workers' leader, and Mr Alastair Graham, secretary of the main civil servants' union. Not nearly as opposed as the polarisation of policies and the Press can make them appear, they still represent clear, articulate and intelligent alternatives on the left and right of centre.

The movement's kingmakers are repelled by such a prospect: they believe a candidate should emerge by consensus, citing the divisiveness of a public campaign—shudders of the Labour Party's leadership election—as a horror to be avoided.

But they have more to gain than to lose by letting their members have a real say. The job needs public and electoral underpinning: it needs a man with a programme and an independent basis of power; and the unions have to show they are serious about democracy if they are convincingly to claim to set an example to others in public life.

Privatisation of British Airways

From the Chairman and Chief Executive, Britannia Airways

Sir,—Your Leader (May 2) recognised the problem. The Civil Aviation Authority in its interim report (May 24) recognises the problem in saying: "British Airways is, therefore, very well placed to use international routes profitably to support expansion in other markets and, if it wanted, to do so in a predatory manner. Despite the regulatory constraints, it could exploit this market power, almost at will, in any particular market where it chose to compete aggressively with other British airlines."

The report shies away, however, from any fundamental solution for that sector of the industry in the main created by private enterprise, in which intense but balanced competition provides very competitive rates and a high standard of service. This has come about because the industry has created a market almost at will, in any particular market where it chose to compete aggressively with other British airlines.

I venture to suggest much of this investment would not have taken place had the unrestrained privatisation of British Airways been known and it would dry up to be replaced, at best, by short term investment unless action is taken to protect us from monopoly domination. It is unfair to employ shareholders and consumers alike. Without change, the position after privatisation will be a privatised British Airways protected in its own major market by the bilateral system and the position at Heathrow Airport, probably with profits 10 times greater than the total for the remainder of the industry. It is totally unrealistic to think that under these circumstances market control cannot only be a matter of time and the probability is that it will be short.

Incredibly, however, the CAA finds it improper to exclude British Airways from the market as British Airways is unlikely to be determined enough to prejudice future competition. All sizeable industrialised nations have found it necessary to limit domination by one company through bodies such as the Monopolies and Mergers Commission. These bodies take action at far lower levels of dominance than that which will be enjoyed by British Airways. It is difficult indeed to know just what the CAA would wish to see before recommending a remedy.

We believe it is fascinating with the past and attempt to predict the future based on comparative minor upsets from

Letters to the Editor

which recovery has been made. Nothing in the past has anything like the significance which the privatisation of British Airways has for the future.

It is to be hoped that eventually the similarity in monopoly terms between a Sealink combined with a similar ferry operator and an unrestrained British Airways is appreciated and similar action taken.

D. H. Davison, Luton Airport, Beds.

Secret postal ballots

From the Deputy Director, Atlas of Industry

Sir,—One of the great planks in the Government's case against making secret postal ballots mandatory in the Trade Union Bill has been the assertion that workplace ballots produce a higher turnout.

Analysis shows that, in reality, very few unions operate the sort of workplace ballots envisaged in the Bill, so there is no wide cross-section of evidence to support the Government's assertion.

So far in the Parliamentary debates on the Bill, the Government has only cited three unions as enjoying high turnout under workplace hallooting: the National Graphical Association (NGA), the National Union of Mineworkers (NUM), and the Civil and Public Services Association (CPSA).

People may now well question the desirability or otherwise of granting the NUM the laurel wreath for democratic procedures: but the latest figures for the CPSA show that the Government's acceptance of high workplace turnouts is based on dubious grounds. This year's CPSA elections show that turnout has dropped to only 25 per cent. In the House of Commons debate in the standing committee, Sir John Gummer, the Minister of State at the Department of Employment, credited earlier CPSA elections with a 46 per cent turnout—a figure disputed by a recent CAA survey which estimated the 1981 CPSA turnout at 40 per cent, and at only 30 per cent in 1982.

The latest figure which related to elections in which the Left swept the board is less than that consistently recorded by Frank Chapple's Electrical and Plumbers Union (EETPU) which usually gets a 30 per cent turnout under its admirable secret postal ballot system. The dearth of evidence for

the Government's assertion is alarming. The three unions selected by Mr Gummer have a combined membership of only 680,000 compared with 1,500,000 in the EETPU and the engineers, both of whom operate secret postal ballots and return moderate leaderships.

The latest low workplace turnout in the CPSA should give the Government pause for thought. As the 1983 Conservative manifesto said "... of the 520 unions in existence at the end of 1981, a mere handful could claim to satisfy the basic principles of democracy... low turnout, ambiguous rules and deliberate malpractice—including, in a number of cases, ballot-rigging and forgery—have undermined the credibility of union leaders in general."

That handful has not increased in the few months since the manifesto was written. Why, and on what positive evidence, and on whose advice, is the Government running away from the only realistic option—secret postal ballots?

Ken Daly, 40, Doughty Street, W.C1.

Academic salaries

From the General Secretary, Institution of Chemical Engineers

Sir,—Michael Dixon in his Jobs Column (May 24) returns to the subject of academic salaries and the issue of whether security of tenure and allegedly light official duties has to be weighed against financial advantage.

The situation within the Universities certainly in such key areas as chemical engineering, biotechnology and electronics is that academic salaries are woefully inadequate to attract into academic life young engineers when they are readily employable in outside industry. Clearly if University departments are not able to attract at least a proportion of bright and class intellectuals then in due course both teaching and research will suffer to the detriment of the academic formation of the next generation of students.

The problem of academic salaries largely arises because apart from those who are on medical scales, all lecturers, senior lecturers and professors have salaries fixed within simple scales which pay no attention to the laws of supply and demand, a lecturer is a

lecturer is a lecturer, and is paid as such whether he is involved in high technology or social science or the arts; irrespective of market forces which mean that engineers and scientists are frequently sought by outside industries whereas their counterparts knowledgeable as they may be in matters mediaeval are scarcely employable outside their chosen specialties.

If Universities had the discretion and the will to pay in some reasonable relation to available alternative employment, then with cuts for some and appropriate increases for others the net effect on salaries might be neutral and achieve a better all round effect.

The same problem of course exists in the schools sector. T. J. Evans, 165-171, Railway Terrace, Rugby.

Insightful on Hong Kong

From the Editor, International Investment Letter

Sir,—Anatole Kaletsky's piece on Hong Kong (May 17) is the most sympathetic and insightful piece I've yet to read on the impending tragedy. It offered the most sensible realistic solution to the human side of this tragedy, namely, that Britain should welcome the enterprising, energetic Chinese and benefit from their entrepreneurial skills and energy. Until you've visited Hong Kong, you've never seen such concentrated mass human energy!

Interestingly, Mr Kaletsky's piece appeared next to an appreciation of the late Lord Robbins. When Robbins first visited the East shortly after the war, he found Hong Kong and India both in poverty. Thirty years later, he returned. Hong Kong was flourishing while India has hardly progressed at all.

What made the difference was not just the people; it was also, as Robbins so clearly pointed out, the open economic environment. Yes, by all means let's welcome a relatively small number of Hong Kong entrepreneurs; Britain could benefit from their drive and ambition. But if they are to perform their miracles, we must provide them with the correct incentives—minimal tax and minimal regulation.

Otherwise, like any other peoples dumped on an overburdened welfare state, they too would mostly stagnate in the stifling atmosphere of government restriction.

Here, finally, would be a golden opportunity for Britain to redress her honour and to help herself while rescuing a targeted people. Adrian Day, 1300 N. 17th Street, Arlington, Virginia 22209, U.S.A.

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New plan to save Creusot Loire

By David Housego in Paris.

CREUSOT-LOIRE, the troubled French engineering group, seems increasingly likely to file for bankruptcy in face of the Government's continuing refusal to provide it with fresh financial assistance.

The group yesterday announced that the banks and the government had received the proposals of experts named by the Tribunal of Paris for putting the group back on its feet. The experts endorse Creusot-Loire's view that the group's integrity could be saved through restructuring its capital.

This would require a fresh injection of cash, banks waiving part of Creusot-Loire's outstanding debt and the selling of further shares in Framatome, the nuclear power group, in which Creusot-Loire holds a 50 per cent stake.

The experts have until June 13 to win the agreement. Paris is insisting that any fresh funds must come from the shareholders of the Schneider group who indirectly control 50 per cent of Creusot-Loire.

The Schneider shareholders include Baron Empain Schneider and his family and a variety of French, Belgian and Luxembourg interests.

The Schneider group maintains that it does not have the funds to bail out Creusot-Loire. It also says that to sell other assets in the Schneider empire to help Creusot-Loire would not be acceptable to minority shareholders in these companies.

The experts' report makes clear that Creusot-Loire's financial situation has further deteriorated since the group sought protection from its creditors a fortnight ago. The group has been removed from the list of large engineering consultants in the U.S. and lost a couple of substantial contracts.

The apparent refusal of the Government to provide fresh assistance to Creusot-Loire has been maintained notwithstanding the fact that the state is a major client of the group which manufactures transport and power equipment and military goods.

"Should Creusot-Loire eventually file for bankruptcy it seems likely that the Schneider group would itself purchase some of its assets including its rail division, while other state groups including Alstom-Atlantique would be interested in its energy interests."

The human face of bankruptcy, Page 2

Japan, U.S. agree on yen package

Continued from Page 1

From December 1, non-Japanese private corporations, state and local governments and government agencies will be allowed to issue unsecured bonds in the European market, subject to certain, and possibly controversial, rating standards. At present only national governments and international organisations have this right.

Also from December 1, any foreign company, whether or not represented in Japan, may lead management European bond issues; other previous restrictions covering co-managers and underwriters also appear to have been relaxed.

By the end of this year, the Japanese Government has agreed to draw up a concrete scheme to create a yen-denominated bankers acceptance market, used mostly in trade finance, such a market should be operative "shortly thereafter".

Japan is committed to removing interest rate ceilings on large time deposits "in 2 to 3 years", and to allow, by April next year, banks to issue lower yen denomination certificates of deposit of ¥100m (the current floor is ¥30m) and certain other types of instruments with market-related interest rates.

Australia plans major motor industry cuts

BY COLIN CHAPMAN IN SYDNEY

AUSTRALIA'S motor industry is to undergo a reorganisation over the next eight years. Under plans announced by the Federal Labor Government yesterday the number of local manufacturers will be cut from five - Ford, General Motors, Nissan, Toyota and Mitsubishi - to three or four and the number of locally-produced models cut from the present 13 to six.

There will be an unspecified number of job losses.

At the same time, the level of protection the industry enjoys from imports will be reduced.

By 1992, vehicle import quotas will be abolished, leaving the industry only with tariff protection. But there is to be no immediate cut in tariffs, presently 57.5 per cent, or import quotas, which represent 20 per cent of the market. The 80 per cent local content requirement will not be affected straight away.

Instead, quotas and tariffs are to be introduced for some vehicles previously unaffected, notably four-wheel-drive estate cars and small Japanese vans.

The Government believes the eventual scrapping of quotas will lead to lower prices in real terms for locally-manufactured vehicles.

Export incentives will also be substantially strengthened to encourage foreign sales of components and finished vehicles. Exporters will be allowed to bring in more imported components.

Senator John Button, the Minister for Industry and Commerce who announced the plan to parliament in Canberra, said it was "an attempt to have the industry get up and walk, rather than to keep it in an iron lung."

The strategy, the Government says, is to provide "a breathing space for adjustment but with the discipline of falling protection to ensure the industry takes immediate steps to modernise and restructure. If the companies do not promptly plan and implement remedies... then by 1988 or 1989, competition from imports will begin to cut into the industry's market share."

Reaction from the manufacturers was mixed. Ford, the leading automotive company in Australia and the only profitable one, welcomed it, but the number two, General Motors, which has made heavy losses in recent years, declined to comment.

Unions were sceptical. Mr Joe Thompson of the Vehicle Builders'

Union said: "It will not save the industry, it will kill it."

The plan is not as bold as some expected, but an election may be called late this year, and the Government would hardly want to enact measures before it which would lead to immediate job losses.

Further elements of the plan include the establishment of an Automotive Industry Authority as "best broker" to promote mergers and joint ventures between manufacturers, a \$450m (\$135m) Government grant programme to fund Australian research and design, more funds to retrain those made jobless by rationalisation and financial incentives to encourage one or more companies to cease full manufacturing.

THE Australian Government is to legislate to protect computer software from piracy, giving it the same protection as literary works. A bill is due to be introduced into the Federal Parliament today by Senator Gareth Evans, the Attorney General who hopes it will be passed within two weeks on non-party lines.

Hawke tackles tough issues, Page 4

French farmers in EEC protest

By Paul Betts in Paris

FRENCH farmers orchestrated a series of protests yesterday against European Community farm policies to coincide with the final day of a meeting of EEC agricultural ministers at Angers, western France. The ministers were blocked by a group of farmers for a short time while visiting a local farm.

The largest demonstration took place at Angers where 35,000 farmers, according to the French farming union, clashed with French riot police. Three policemen were injured.

The farmers' pressure appeared to have paid off, with the EEC ministers agreeing to meet M Francois Guillaume, the French farmers' leader.

M Guillaume put a series of proposals to the agricultural ministers, including a suggestion that all EEC agricultural transactions be in European currency units (Ecu) to do away with the system of monetary compensation amounts.

M Guillaume also asked for a better process of consultation between EEC agricultural ministers, the Commission and farmers' organisations of member countries.

Although M Michel Rocard, the French farm minister, expressed understanding for the case put forward by French farmers, he again condemned violence.

M Rocard had already reacted sternly against the farmers on Monday night after the kidnapping of a senior French civil servant by militant milk farmers in Brittany.

M Francis Ranc, head of the French milk board, was kidnapped on Monday in Rennes by angry Breton dairy farmers protesting against EEC milk quotas. The kidnapping coincided with the start of the EEC farm ministers meeting at Angers.

Although dairy farmers have led the latest wave of protests in France, wine growers joined them at Angers yesterday. Wine growers in south-western France have also demonstrated against EEC farm policies in recent weeks.

French farmers also demonstrated in Le Havre, in Agen where they occupied the local branch of the Caisse de credit Agricole, and prevented the entrance of the deputy prefect's office of Tour-du-Pin near Grenoble.

U.S. N-plant onstream after 12 years

By Terry Dodsworth in New York

THE ONLY power unit to be completed in the disaster-stricken Washington Public Power Supply System's (WPPSS) nuclear project began operating yesterday - 12 years after work started on the site.

Unit number 2 was completed at a cost of around \$3.2bn, seven times the estimate of \$450m. Two other units in the project were deferred and two abandoned, leading to the largest municipal bond default in the U.S., of \$2.25bn.

The project was hit, like many other U.S. nuclear construction programmes by building delays associated with tougher safety requirements and the high cost of debt financing.

The circumstances under which the default occurred are being investigated by the Securities and Exchange Commission, while Chemical Bank, as trustee to the bondholders, is also using WPPSS and affiliated utilities.

Apart from Chemical Bank's action, around 60 lawsuits are outstanding against the utility, mainly on the grounds of withholding information.

Chernenko stresses arms condition

SOVIET President Konstantin Chernenko said yesterday that West Germany would be safe from nuclear attack only if it removed U.S. nuclear missiles.

Replying to a message from Frau Petra Kelly, the West German Greens party leader, Mr Chernenko said: "You ask how to preclude the possibility of the use of nuclear or chemical weapons against the Federal Republic of Germany and what conditions it should fulfill for this."

The conditions, as we see it, boil down actually to one: under no conditions should the republic ever become a bridgehead for the preparation and perpetration of aggression against the Soviet Union and its socialist allies."

In its campaign against the deployment of U.S. Pershing missiles in West Germany, Moscow has argued that they are intended to launch a U.S. nuclear attack from German territory.

THE LEX COLUMN A ripping yarn at Courtaulds

Yesterday's preliminary figures effectively marked the completion of a four-year reconstruction job at the House of Courtauld. The builders are still making adjustments here and there but the bulldozers have been withdrawn and the resulting edifice is impressive. On a shrunken base of assets and sales of around £2bn, profits have climbed to £117.8m in the year to March, almost double the previous year's total, debt has been all but extinguished and, leaving the rights issue aside, Courtaulds has generated cash after funding a 25 per cent increase in capital spending.

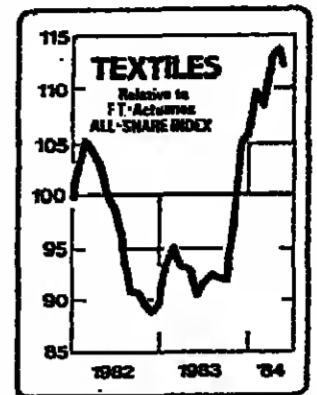
But, however impressed the stock market may be by the quality of the building work, it still has its doubts about the solidity of the structure. At current exchange rates, and assuming some further fall in net interest payable, the group should be capable of around £140m pre-tax this year, which leaves the shares on a prospective multiple of about five, assuming a tax charge of just over 20 per cent.

Considering that Courtaulds made less money last year than in 1975, on double the nominal sales value, the market is clearly taking a very cautious view of the company's ability to extract higher margins or indeed increase a dividend which is now comfortably covered on a CCA basis even after extraordinary items. Yet those below the line debts in themselves suggest some further scope for profit improvement.

Through rationalisation and the emergence of the past few years must have made Courtaulds less vulnerable to the next downturn in the cycle.

But in the market's eyes, last year's doubling of profits in the fibres division - on a 12 per cent increase in sales - only underlined the group's high operational gearing. The long-awaited U.S. acquisition might help to balance the impression of a cyclical, commodity based group but the dollar exchange rate which now makes the upstream businesses so profitable also leaves the U.S. looking a very expensive proposition.

The two sides of the gilt-edged (government stocks) market seem to be conspiring with each other to produce a vicious spiral, under which the institutions are waiting for bank base rates to rise before they end their buyers' strike and



The authorities are presumably hoping for an end to the strike without the need for increased base rates (and mortgage rates, and retail inflation).

Uninvested funds are therefore piling up in vast quantities at the very short end of the money market - cash normally allocated to gilt edged perhaps amounts to £2.5bn at present - and the resulting impression of monetary excess will only sharpen the apparent need to get the funding programme moving. Perhaps the Government Broker can break into this with a top stock that behaves like a money marker instrument - the Drop-Lock Floater of 1985?

Allied-Lyons

It begins to look as though Allied-Lyons' stock market re-rating in 1982 effectively discounted not one but two years' profit growth. Having bobbed around 140p all last year, the share price has edged marginally higher this year and closed up 4p at 162p last night.

Something a little more celebratory might have been expected after the 22 per cent gain in pre-tax profits to £194.9m for the year to March - a performance appreciably better than generally expected in the City, with a starring role played by the food division.

The trouble seems to lie with the group's lack of any very evident strategy for the future, now that it has fulfilled the promise held out by its original merger and viewed with such suspicion before 1982. The latest report from Bass and Whitbread, and yesterday's news from Grand Met indicate strategic changes among the group's principal competitors which have left this perceived weakness at Allied more conspicuous than ever.

The preferred emphasis on branded consumer goods and services clearly gives Grand Met plenty of room for experiment. It is hanging on to former Liggett businesses as diverse as exercise machines and chewing tobacco - a previously unused growth area - as well as adding to its investment in petfoods and soft drinks.

Thus, the brewing division has enjoyed its share - or just a tiny bit less than its share - of the sector's improving trends but can hardly expect much further improvement in its margins. Wine and spirits profits have similarly scored an impressive gain in the circumstances, without dispelling any of the worries now hanging over the fortified wines market as well as Scotch whisky.

Even in the food division, where profits have jumped 35 per cent on a 16 per cent sales increase, much of the progress is attributed to improved efficiencies which give little clue to what comes next.

Grand Metropolitan

The Liggett & Myers cigarette business was tied securely into the L&M package when Grand Met bought it in 1980, but never figured in the group's long-term plans, except as an asset to be sold off next time cash was needed for the acquisition trail. Selling the cigarette business in a management buyout - for \$325m - suggests that Grand Met's investment plans, like the cigarette market, have matured.

It seems a good point in Liggett's career for Grand Met to do such a deal; the growth of the generic cigarette market, which has helped Liggett to double market share since its acquisition, looks vulnerable to growing inroads in the U.S. recovery, while the activity still seems likely to be eating up cash for the next year or two.

The terms may be less favourable to Grand Met than was expected when the prospect emerged in January, but they represent a premium to assets and a multiple similar to those of the U.S. tobacco majors. It is in any case taking a leaf from the stock market's book for Grand Met to make an exit from an earnings stream of limited quality; the low ratings of BAT and Imperial make the point.

The preferred emphasis on branded consumer goods and services clearly gives Grand Met plenty of room for experiment. It is hanging on to former Liggett businesses as diverse as exercise machines and chewing tobacco - a previously unused growth area - as well as adding to its investment in petfoods and soft drinks.

Conti Illinois issues rescue details to reassure investors

BY WILLIAM HALL IN NEW YORK

CONTINENTAL ILLINOIS, the big Chicago bank which suffered a run on its deposits earlier this month, has provided its major overseas depositors with further details of the recent \$7.5bn rescue package in an effort to reassure them that they "will not suffer loss in their dealings with the bank."

Mr David Taylor, the bank's chairman, has circulated copies of a letter from Mr William Isaac, chairman of the Federal Deposit Insurance Corporation (FDIC), to Continental on May 22, responding to further questions about the scope of the bank regulators' financial assistance programme.

Despite the unprecedented nature of the rescue package, foreign depositors, who have provided the bulk of Continental's funding in re-

cent months, have been nervous about resuming normal deposit relationships with the troubled Chicago bank. They fear that the federal guarantees might be removed at some later stage, thereby exposing them to a loss on their deposits.

The letter from Mr Isaac to Mr Taylor carries the "expressed intent" to assure all domestic and foreign depositors, providers of wholesale funds such as Fed funds and obligations under repurchase agreements and all other general creditors, "that they will not suffer loss in their dealings with Continental Bank."

Mr Isaac says that the support programme "should relieve any anxiety about the safety of transactions with Continental Bank" and

help it restore normal business relationships.

Mr Isaac's letter covers the main elements of the rescue package, but some foreign bankers are still not happy that it gives them the sort of reassurances they are looking for, in particular regarding the life of the federal guarantee of Continental's deposits.

Separately, Continental has been taking steps to reassure foreign depositors that they are fully covered by the rescue package and has told them that the FDIC has "no objection" to Continental providing funds or guarantees to its overseas subsidiaries which operate in the world's money markets.

After their sharp drop in recent days, Continental Illinois' shares recovered slightly on Wall Street

Grand Met to sell U.S. unit

BY RAY MAUGHAN IN LONDON AND TERRY DODSWORTH IN NEW YORK

GRAND METROPOLITAN, the British brewery, dairy, bookmaking and hotels group, has agreed in principle to sell its U.S. cigarette business to local management and employees for \$325m.

In a deal financed by outside investors, GrandMet USA, Grand Metropolitan's American subsidiary, expects to conclude the disposal of Liggett & Myers, the tobacco division of the Liggett group, in about six weeks.

Grand Metropolitan paid £370m for Liggett four years ago in the face of a counter bid from Standard Brands, the U.S. food manufacturer, and the sale to Pernod Ricard of Liggett's Austin Nichols drinks distribution operations in the course of Liggett's lengthy defence.

Liggett's drinks division had been the principal attraction for Grand

Metropolitan and Mr Clifford Smith, chairman of GrandMet USA, said yesterday: "We did not know much about Liggett & Myers when we acquired it and we did not value it very highly."

Liggett & Myers makes Eve, Lark and L & M brand cigarettes but much of its recent growth has flowed from the successful introduction of unbranded cigarettes. Its pre-tax profits before interest reached \$60m in the year to September although its contribution is understood to have fallen in the subsequent six months.

Its volume sales are increasing but Liggett & Myers will be absorbing cash for capital re-equipment and stockbuilding for another two years, Mr Smith said. Market share has risen from about 2.8 per cent at the time of acquisition to more than

5 per cent presently but the U.S. tobacco sector is shrinking by about 4 per cent annually on Mr Smith's calculations.

"Our whole objective is to develop and increase our investment in the U.S. in areas which show long-term growth from a demographic and business point of view," Mr Smith said.

Grand Metropolitan has been discussing the sale of the cigarette operations to management for several months and is focusing primarily for redeployment on what it calls the "branded consumer services and branded consumer products sectors."

For example, the acquisition of Children's World, for \$30m in August last year, "lines up with the demographic trends", Mr Smith said.

See Lex

Dunlop, Sumitomo conclude deal

BY RAY MAUGHAN IN LONDON

DUNLOP HOLDINGS, the UK tyre group, is poised to make an "imminent disposal", Sir Maurice Hodgson, the chairman, told shareholders at the annual meeting of the group yesterday.

He said the group concluded its negotiations last Sunday with Sumitomo Rubber Industries for the sale of Dunlop's tyre manufacturing operations in the UK and West Germany. These provide for the payment of a further £45m (\$62m) from Sumitomo. A sum of £43m for the sale of Dunlop's 40 per cent stake in

Sumitomo had already been re-purchased by the Japanese company.

Yesterday's meeting was prolonged and tense as shareholders criticised the directors for the £137,400 compensation paid to Sir Campbell Fraser, the former chairman and now president. Resisting the call from one of their number to "look forward rather than backward", the question of Sir Campbell's payment was repeatedly raised.

The adoption of the report and accounts seemed too finely balanced

when it came to a show of hands and Sir Maurice called for a poll.

The resolutions for the re-election of five directors who had retired by rotation met a similar outcome and, as the meeting grew increasingly heated, the chairman was interrupted midway through the resolution to re-elect Mr Ghafar Baba, chairman of Pegi Malaysia Berhad, Dunlop's 26 per cent shareholder. The resolution was only put after the meeting had formally closed. The results of these polls will be declared on Friday.

Spy satellite plan

Continued from Page 1

Aerospatiale and Messerschmitt have built up links in civil and military aerospace deals over 25 years, in projects including the European Airbus, the Ariane space rocket, television satellites, military aircraft and missiles.

The companies will be involved in drawing up plans for the military satellite, which seems likely to draw heavily on previous French plans for its own military observation satellite, Samro, based on the Spot civil observation craft manufactured under the leadership of the state-controlled Matra group.

The Samro project, originally planned to produce satellites for the late 1980s, was shelved in autumn 1982 for budgetary reasons.

David Housego adds: France and West Germany yesterday agreed in principle that this year's deficit in the EEC budget should be met by cuts in expenditure and advance payments contributed by member states, according to Mr Roland Dumas, the French Minister for European Affairs.

M Dumas said the two countries would seek the support of other member states for these proposals at the Fontainebleau summit.

World Weather

Locality	°C	°F	Locality	°C	°F	Locality	°C	°F
Azores	17	63	Dublin	18	64	Malaga	24	75
Algeria	22	72	Fam	18	64	Malta	24	75
Amsterdam	11	52	Frankfurt	13	55	Madrid	25	77
Antwerp	11	52	Funchal	20	68	Milan	25	77
Bahia	24	75	Geneva	12	54	Nice	18	64
Bombay	37	99	London	12	54	Paris	15	59
Buenos Aires	23	73	Lyons	11	52	Rome	22	72
Calcutta	31	88	Madrid	17	63	Sao Paulo	18	64
Canton	24	75	Manila	28	82	Singapore	28	82
Cebu	27	81	Osaka	18	64	Taipei	22	72
Colon	28	82	Seoul	15	59	Tokyo	18	64
Hankow	24	75	Singapore	28	82	Yokohama	18	64
Hong Kong	27	81	Sydney	20	68			
London	12	54	Taipei	22	72			
Lyons	11	52	Tientsin	15	59			
Manila	28	82	Yokohama	18	64			
Medan	28	82						
Mumbai	31	88						
Perth	18	64						
Rangoon	28	82						
San Francisco	15	59						
Singapore	28	82						
Sourabaya	28	82						
Tientsin	15	59						
Yokohama	18	64						

ADVERTISEMENT

● RADAR

Seaspray to German navy

An order worth over £1m for the Seaspray Mk3 radar has been secured by the Radar Systems Department of Ferranti in Scotland. Placed by Messerschmitt-Bolkow-Blohm (MBB) for the German Navy Sea King improvement programme, the contract covers the supply of radar systems for integration and flight trials, with options for subsequent retrospective installations to the German Navy's fleet of Sea Kings. Seaspray Mk3 has been offered for a number of applications in helicopters, fast patrol vessels and hover-

craft. The contract was awarded following a thorough evaluation of competing equipments by the German Ministry of Defence, BfW Koblenz, MBB and the German Navy. Seaspray is designed to detect and track small fast naval targets. It is fully compatible and proven with the British Aerospace Sea Skua missile. The Mk3 Seaspray radar introduces several new features including multiple target track/whiscan, 360° surveillance and advanced data processing and display facilities.

● COMMUNICATIONS

A star for Channel 4

Sales of the Ferranti Telex Manager system have reached the hundred mark with the latest order from the Channel 4 television Company Limited. Channel 4 will be using the system to connect its terminal network to the telex service. The system interfaces to two telex lines which connect to the two DEC VAX mainframes. By incorporating Telex Manager the organisation has an integrated communication grid and is utilising its capital investments to the full. The Telex Manager, manu-

factured in Wythenshawe, Manchester, by Ferranti Computer Systems has become the market leader in telex message switching at the 12 port level. It has British Telecom approval for direct connection (SCVF) to the public telex network and can connect to the new telex network via the Ferranti Telex adaptor. Automatic dialling and retry, group addressing, personalised telex, 1000 address directory, document library, timed transmission, billing and statistics are all standard features of the Telex Manager.

Briefly...

A self-service version of the Antennae Series 7000 dual hose pump system is being marketed by the Dalketh-based Fuel Dispensing Group of Ferranti plc. The first batch of four umbilical winches has recently been supplied by Ferranti Offshore Systems to Subsea Offshore, a well known operator of unmanned submarines.

The good news is **FERRANTI** Selling technology

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BMW counts costs of metal industries strike

BY JOHN DAVIES IN MUNICH

BMW, the West German car and motor cycle manufacturer, made a strong start to the year before being stopped by the labour conflict in the country's metal industries.

Herr Eberhard von Kuenheim, the chief executive, said BMW was missing out on sales revenue of between DM 50m (\$18.5m) and DM 60m a day but nevertheless was still "relaxed" as it waited for an end to the dispute over the demands for a shorter working week.

But the company doubts whether it can make up later this year for all the production now being lost, as its assembly lines - like those of other car makers - stand still for lack of components from strike-hit suppliers.

With a tinge of bitterness, Herr von Kuenheim said the company would "lose terrain" which it had steadily gained over years, while the industry and its workers would lose credibility abroad as reliable producers.

After further expansion last year, BMW kept up its momentum in the first four months of this year by producing 109,000 cars, 22 per cent more than a year earlier.

The production rise, boosted by domestic and foreign demand, was

well ahead of the 9 per cent increase for the West German motor vehicle industry as a whole.

Herr von Kuenheim said that BMW lifted car exports 24 per cent to 105,500 in the first four months of this year, while the industry as a whole exported 8 per cent more cars.

New registrations of BMW cars in West Germany were up 13 per cent at 66,500, well ahead of the 5 per cent rise in the market. As a result, BMW increased its market share to over 7 per cent, compared with 6.6 per cent in the whole of last year and 6 per cent in 1982.

BMW's motor cycle sales in West Germany, lifted by the new K-series models, were 19 per cent ahead in the first four months of this year, in sharp contrast to a 20 per cent drop in the total market.

Before being hit by the labour conflict, BMW had set targets of producing 450,000 cars and 32,000 motor cycles this year.

Last year the company lifted car production 11 per cent to 421,000, with sales aided by the new generation of 3-series models introduced in late 1982. Motor cycle production was down 6 per cent at 28,000 last year, because of the poor market

and the effects of switching to the K-series last autumn.

However, Herr von Kuenheim said that since the drying up of components stopped the assembly lines from May 18, BMW was losing production of 3,000 cars and 150 motor cycles a day.

BMW executives indicated that even if the labour dispute ended quickly, it would be virtually impossible to make up the lost car production this year.

On optimistic estimates the company would lose the production from two shifts on at least 10 working days, totalling 20,000 cars.

Theoretically, workers could then be persuaded - through extra money - to work one shift on Saturdays to produce 1,000 extra cars a week. Even if workers were willing to do this every Saturday for the rest of the year, their efforts would be halted by works holidays in August, when some essential work is carried out on equipment.

The pre-tax profit of the parent company rose 58 per cent to a record DM 905m. After paying DM 617m in taxes, BMW distributed the DM 288m net profit equally into reserves and to shareholders. The dividend was increased from DM 10 to DM 11 plus DM 1 bonus per share.

Leading Swedish banks advance

By David Brown in Stockholm

PROFITS at Sweden's two leading commercial banks - Skandinaviska Enskilda Banken, and Svenska Handelsbanken (SHB) - climbed to new highs during the first four months. Development at the state-owned Pkbanken was much slower and profitability declined against last year.

A substantial fall in interest rates cut the banks' funding costs and allowed all to improve interest income to varying degrees. Rates are now tending upwards, however, and profits are expected to grow more slowly through the rest of the year.

Svenska Handelsbanken was again the most profitable bank in Sweden. Group operating income rose 28 per cent to SKr 756m (\$34.5m). Return on group equity advanced to 24.1 per cent, compared with 23.5 per cent at year's end.

SHB's net interest income climbed 29 per cent to SKr 1bn, while total income including fees from securities trading advanced 26 per cent to SKr 1.37bn. Operating profits at the bank were ahead 35 per cent to SKr 661m, after credit loss provisions of SKr 122m up 54 per cent.

SHB increased the share capital of its London-based Svenska International by 60 per cent in May to £25m (\$34.5m), and plans to open a subsidiary in Singapore. Its balance sheet total was SKr 141.4bn at the end of last year.

S-E Banken, Sweden's biggest bank which finances over half the country's exports and is its biggest foreign exchange trader, reports an 18 per cent rise in group operating income to SKr 966m.

Net interest income rose 19 per cent to SKr 1.1bn and fee income rose 23 per cent to SKr 1bn. Credit losses and provisions advanced 11 per cent to SKr 175m. S-E Banken predicts full year results will climb between 10 and 15 per cent from the SKr 2.3bn achieved last year.

PKbanken, which is attempting a limited public offering to raise about SKr 500m to reduce the government's stake to about 85 per cent, returned a more moderate earnings improvement.

Profitability declined from 17 per cent last year to 16.2 per cent for the four months this year. Despite a forecast rise of 10 per cent in operating profits for the year against the SKr 1.4bn achieved in 1983, profitability is still expected to remain below last year's levels.

THE STATE-OWNED CONCERN PREPARES FOR PRIVATISATION

Air Canada charts a new course

BY BERNARD SIMON, RECENTLY IN MONTREAL

CANADA'S state-owned airline, Air Canada, is steering itself for a sharp change in direction, in circumstances which most businesses would consider far from ideal.

The airline has flown through some rough weather lately. After a CS32.6m (\$25m) loss in 1982, it posted a small CS3.6m net profit last year, but slipped back to a CS18.6m loss in the first quarter of 1984. Long-term debt rose from CS634m to 1980 to CS1.1bn last year, raising the debt: equity ratio from 1.3 to 1 to 2.3 to 1.

The headaches have not only been financial ones. Last year an Air Canada DC-9 was destroyed by fire after an emergency landing at Cincinnati, U.S.; a new Boeing 767 had a lucky escape by landing on a deserted airfield after running out of fuel over the prairies. Mr Rene Amyot, the non-executive chairman of the airlines' board, resigned last November amid a controversy over the selection of Air Canada's new headquarters in Montreal and a running feud with senior management.

Air Canada's biggest challenge is yet to come as the Government presses ahead with plans for the gradual deregulation of the Canadian air system. Air Canada accounted for 55 per cent of ton-miles (passenger and cargo) flown in the country last year. It clearly stands to lose most from a policy which includes opening up more long-distance routes - currently the preserve of Air Canada and the private-owned CP Air - to smaller, regional airlines.

The Government also instructed

Air Canada earlier this month not to abuse its dominant position in efforts to retain its market share, and ordered a parliamentary commission to investigate whether the airline - once the biggest carrier outside the U.S. - should be broken up or privatised.

None of this seems to dismay Mr Claude Taylor, a 35-year veteran of the airline who has been president for the past eight years and was named executive chairman last week. (The new president is Mr Pierre Jeannot, formerly executive vice-president.) Mr Taylor has no intention of watching others nibble away at Air Canada's market share and is still planning for a profit in 1984 as a whole.

He is confident that a decision to sell at least part of Air Canada to private investors - which is likely within the next few years - will help rather than hinder the airline. There is general agreement, Mr Taylor says, that "if there's going to be liberalisation, then everybody should play by the same rules."

Pointing out that recent borrowings have been negotiated without government guarantees, he argues that "we have outgrown the need to be state-owned."

The move towards privatisation has already started, with pressure on Air Canada to begin disposing of its 87 per cent interest in the Quebec-based regional carrier, Nordair. Yesterday, Innocent, a privately-held investment company, and a group representing more than half of Nordair's employees made a joint offer of CS\$7.8m or \$20 a share for Air Canada's stake.

Mr Taylor talks of Air Canada providing "the no-stop, quality product that the customer wants," especially on transcontinental routes. He says the airline's sales staff have been told to be "as aggressive as never before." Air Canada has no intention of withdrawing from its domestic markets and "other people are going to have to catch up."

The fact remains that the only direction for the airline to go in the domestic market is down. It already serves almost every major Canadian city and has the lion's share of the market on most routes.

If the authorities carry out their deregulation promises, Air Canada may find it difficult to hang on to its market share without sweeping fare cuts, which may squeeze margins more than they generate new traffic. Margins are already under pressure. Traffic volumes edged up by 3.5 per cent in the first quarter and average revenue from each passenger declined by 6 per cent.

The murky domestic outlook has prompted the airline to give higher priority to international services. According to Mr Taylor, "we see the international routes as being our major growth area."

Expansion of the European network has already begun - flights to Geneva and Munich began earlier this year. Next will be South-east Asia, with Air Canada's first services to the region, once the preserve of CP Air, due to begin in mid-January. Unlike Vancouver-based CP Air, which flies across the Pacific, Air Canada plans to serve Asia



Mr Claude Taylor

as extension of its European routes.

The make-up of its fleet is gradually changing to place more emphasis on frequency of service rather than mere capacity. The airline has mothballed three of its seven Boeing 747s and now relies mainly on smaller Lockheed L-1011s on its international routes.

Its new 767s, a dozen of which will be in service by the end of the year, will enable it to increase the frequency of long-haul North-American routes. The extended range version of the 767 is likely to be used on some transatlantic services.

Mr Taylor says that the attention being given to international routes is already paying off.

Cockerill predicts break-even

BY PAUL CHEESERIGHT IN BRUSSELS

COCKERILL-Sambre, the Belgian state-controlled steel group undergoing a major reorganisation, expects to break even by 1985 following a marked reduction in operating losses during the first quarter of this year.

Operating losses for the three months were BFr 968m (\$17.4m) and Cockerill said it would have been in profit in March but for strikes. The group ran up an operating deficit of BFr 2.74bn during the first quarter of 1983.

New orders for steel are running at a reasonable level, and selling prices are higher than they were a year ago, the company said.

Cockerill Sambre said it has covered its accumulated losses of BFr 63.9bn.

The last stage of a complicated series of financial rearrangements has been put in place with advances by the banks to the Belgian Government of BFr 18.2bn.

The balance of the losses had earlier been covered by drawing on re-

serves and by the injection of new capital, which has left only a tiny private shareholding in the group.

With financial costs of restructuring stripped out, Cockerill Sambre ended 1983 with a loss of BFr 17.6bn, against BFr 18.8bn in 1982.

News of the latest financial arrangements followed an agreement with the unions on the terms for reducing the workforce by 9,000, a third of the total, opening the way for plant closures this year and next.

Japan agrees to open way for expanded use of yen

JAPAN has finally agreed, after substantial pressure from the U.S. and from domestic financial institutions, to a package of measures aimed at making its currency more widely used internationally. The change to the country's domestic capital markets are given in a 60-page report published in English yesterday.

Excerpts from the report by the working group of the joint Japan-U.S. ad hoc group on yen-dollar exchange rate and financial and capital market issues.

2. Euroyen issues by Japanese Residents.

As from April 1, 1984 the terms of these were liberalised so that about 30 Japanese corporations could make straight issues and approximately 100 could issue convertibles. There are no limits on the size or the total number of issues. A period of 180 days should pass before the reflow into Japan of such issues will be allowed.

Withholding tax will apply to interest payments on such issues.

3. Other matters.

It is expected that Euroyen bond issues will follow the general pattern of the Eurobond market. In addition the MoF has announced that both residents and non-residents would be able, without limitation, to swap non-yen bonds into yen ones by using either forward exchange markets or currency swap techniques.

Recommendations of a further liberalisation of these bonds will be considered within one year.

Lead and Co-lead Management

1. Effective December 1 1984 there will be no guidance, restrictions or requirements on lead managers of Euroyen issues. All firms will be able to engage in these activities on an equal basis and it will not be necessary to have a branch or representative office in Japan.

2. No guidance, restrictions or requirements on the choice of co-lead managers or on the composition of underwriting or selling groups. There will be no regulations covering the distribution or allocation of such issues. However, such securities may not be sold to Japanese

residents for 180 days after issuance.

Further, there will be no restrictions of any kind on the choice of lead or co-lead managers for non-yen Eurobonds issued by Japanese residents or for issues in the Samurai market - with the exception that managers must be licensed to do securities business in Japan.

Foreign securities companies not licensed in Japan would, of course, be permitted to sell such issues to their customers outside Japan.

Characteristics of a Euroyen bond market

The Euroyen bond market, including all issues whether by Japanese residents or non-residents, will have the following characteristics:

- No requirement for the provision of collateral or security;
- No requirement that there be an indenture trustee;
- No guidelines or restrictions on interest rates;
- No restrictions on currency or interest rate swaps, whether with Japanese residents or non-residents;
- No guidance or underwriting fees, commissions, etc.;
- No maximum or minimum denomination of individual securities;
- No restrictions on maturity (five years or more);
- No requirement for issuance in registered form;
- No restrictions on transferability; and
- No limitations on the countries in which the securities can be sold (other than each country's own regulations).

Karstadt raises dividend

By Rupert Cornwell in Bonn

KARSTADT, the largest West German retail group, yesterday announced an increase in its 1983 dividend. At the same time it revealed plans to incorporate fully Necker's, its troubled mail order subsidiary.

The company will raise its shareholders' payment to DM 7 per DM 50 nominal share, from the DM 6 paid in 1982, after profits of DM 50.4m (\$18.5m) and a modest 2 per cent sales increase to DM 9.4bn last year.

The incorporation of Necker's completes a process begun in 1978 and 1977, when Karstadt acquired a 51.2 per cent holding. That interest subsequently increased to 81.2 per cent, as small shareholders sold out ahead of a capital write-down three years ago.

The remaining minority shareholders will now be offered one Karstadt share per three Necker shares held. The terms are expected to be formalised shortly before Karstadt's annual meeting on July 16.

Court ends row over Biscayne

By Our Financial Staff

THE U.S. Supreme Court yesterday ended a long-running legal battle over the takeover by the Federal Home Loan Bank Board of Biscayne Federal Savings & Loan Association, the Florida-based S & L declared insolvent by the board in April 1983.

The Supreme Court let stand a Federal Appeals Court ruling that the board acted properly when it took over Biscayne, which had assets of \$1.97bn at the time of the takeover. It has since been transferred to a subsidiary of Citicorp, the largest U.S. bank holding company.

The sale of Biscayne had been prevented by a court challenge from Biscayne and its former principal shareholder, Kaufman & Broad, the Los Angeles-based insurance and real estate group. Soon after the takeover, a Federal district court in Miami issued an injunction blocking the board from seizing Biscayne, saying the board exceeded its authority.

But in November an Atlanta Appeals Court overturned the lower court's ruling, deciding that the board had the authority to act once it found Biscayne to be insolvent.

Profits surge at U.S. retailers

BY TERRY DODSWORTH IN NEW YORK

TWO LEADING U.S. stores groups, which recently bled talks on a possible "business combination", yesterday reported sharply higher earnings in the first quarter of this year.

American Stores, a western-based food and drug retailer, achieved a 19 per cent advance from \$21.87m, or 65 cents a share, to \$25.96m, or 76 cents a share.

Jewel Companies, a similar organisation with substantial interests in Mexico announced a 13 per cent increase in net income from \$14.40 or \$1.06 a share, to \$16.5m, or \$1.23 a share.

The talks between the two companies earlier this month have led to some speculation in their shares, but so far there has been no announcement of any agreement.

In the first quarter, it increased sales by almost 11 per cent to \$2bn from \$1.89bn in 1983. Its profits were also struck after a higher charge under its Lifo (last in first out) inventory accounting system, which increased to \$1.55m from \$1.35m last year.

Sales at Jewel rose from \$1.27bn to \$1.34bn.

Sanofi, Inc.
 and
Elf Bio Industries
 have acquired
Dairyland Food Laboratories, Inc.
 (Waukesha, Wisconsin)

The undersigned initiated this transaction and acted as financial advisors to Sanofi, Inc. and Elf Bio Industries.

Compagnie Financiere Barclays Paris
 Barclays Bank International Limited
 Merchant Banking Division
 New York

May 1984

U.S. \$50,000,000

Genossenschaftliche Zentralbank Aktiengesellschaft
 Vienna

Floating Rate Subordinated Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 29th May, 1984 to 29th November, 1984 the Notes will carry an Interest Rate of 13 1/2% per annum. The interest amount payable on the relevant Interest Payment Date which will be 29th November, 1984 is U.S. \$321.04 for each Note of U.S. \$5,000.

Credit Suisse First Boston Limited
 Agent Bank

Sharp improvement for two Italian insurers

BY ALAN FRIEDMAN IN MILAN

ITALY'S two largest insurance companies have announced an increase in 1983 net profits. Assicurazioni Generali, the largest insurer in Italy which is based in Trieste, said its net income last year was 21.1 per cent higher at L83.1bn (\$37.3m).

RAS, the Milan-based insurance group which is 37.9 per cent controlled by the ailing Catholic financier, Sig Carlo Pesenti, said its 1983 net profit rose by 37 per cent to L15.1bn.

Generali, whose share price on the Milan bourse yesterday fell 1.290 to L34.940, is paying a 1983 dividend of L225 per share, up 18.2 per cent. The group is doubling its share capital to L250bn. Generali is placing L18.5bn into its special provisions fund, which already totals L104.6bn. The group's 1983 investments came to L411bn, up by a quarter on the previous year.

• Toro Assicurazioni, Italy's eighth largest insurance company which is now controlled by the Agnelli family, has announced a rise in profits in 1983 to L29.7bn, compared with L11bn in 1982. The 1982 profit was down from L18bn in 1981, in part because of a L30m loss as a result of Toro's investment in the defunct Banco Ambrosiano being wiped out. Sig Roberto Calvi, the late Ambrosiano chairman, used to control Toro through Ambrosiano's financial holding company La Centrale, which last year sold control to the Agnelli.

Skis Rossignol looks to 40% earnings boost

By Paul Betts in Paris

SKIS ROSSIGNOL, the leading French ski and sports equipment group, predicts a 40 per cent growth in net earnings this year to about FF4.6bn (\$4.7m) from profits of FF2.5m last year.

The company plans again to manufacture skis in the U.S., where it ceased production in 1982. But the group, which has benefited from a general recovery in its operations, says its plans for the U.S. remain cautious.

The ski manufacturer saw its share of the world market grow from 17 per cent to 18.3 per cent last year in volume terms and to 25.1 per cent from 24 per cent in cash terms. The company sold 1.54m pairs of skis during the 1983/84 season compared with 1.39m pairs in the previous period.

The group's FF2.29m profit last year was a little more than expectations of earnings of about FF2.25m and compared with profits of only FF2.4m the year before.

Sales, including the recently developed tennis racquet business, rose by about 10 per cent to FF1.1bn last year. Sales are expected to grow by about 15 per cent this year.

The recovery in the U.S. has enabled the company to consider re-opening its American operations during the 1985-86 season, according to M Laurent Boix-Vives, chairman. But initially, the group is unlikely to manufacture in the U.S. more than 10 per cent of the 400,000 pairs of skis a year it was producing there previously.

Transworld Corporation
 has changed its NYSE stock table listing to
Trnwd
 The ticker symbol remains TW

TRANSWORLD CORPORATION
 The parent company of
 Hilton International Co., Canteen Corporation,
 Spartan Food Systems and Century 21 Real Estate Corporation

INTL. COMPANIES & FINANCE

AUSTRALIAN HYDROCARBONS N.L.

CHAIRMAN'S ADDRESS

FIRST ANNUAL GENERAL MEETING — MAY 15, 1984

When the company floated in July 1983, the prospectus stated that the issue would provide funds to enable the company to explore for hydrocarbons in several areas where farm-in agreements had been negotiated with Western Mining Corporation. The total estimated expenditure under these agreements was \$12.26 million. The funds raised were to permit the company to meet all commitments under those agreements. In addition to this exploration your company has actively canvassed and evaluated new exploration opportunities in Australia. These efforts are directed towards the early production of hydrocarbons both on shore and off shore Australia.

I am pleased to report that our exploration activities since the issue have resulted in three major discoveries. To date five wells, namely Buckaroola, Challum, Pepita, Keilor and Durham Downs No. 2 have been drilled in the Cooper Basin resulting in four discoveries, all in the Innamincka Block. This success rate is unusual for a new exploration company and augers well for possible cash flow in the future.

Buckaroola in the Wareena Block was dry. The discovery made in Challum No. 1 was significant in that it found the first commercial hydrocarbons in the Hutton Sandstone within the Innamincka Block. The Hutton Sandstone is the main producing reservoir in the Jackson Oil Field in the Nacowah Block. The well recovered 30 barrels of 37 API Gravity Oil from the Cretaceous Murra Sandstone. This was the first significant oil recovery from the well in the Innamincka Block with test results indicating a new field discovery. The well flowed gas to surface at the rate of 8.9 million cubic feet of gas per day through a half-inch choke accompanied by condensate at the rate of 141 barrels per day. This flow was the first hydrocarbon test from the Hutton Sandstone in the Innamincka Block. In a final test the well flowed gas to surface at a rate of 9 million cubic feet of gas per day accompanied by 33 barrels of water and 13 barrels of condensate per day. The well was cased and suspended. Further appraisal drilling will be required to prove the extent of the reservoir sands and the commercial viability of the new field. The possible reserves of gas indicated by Challum No. 1 exceed the known proven gas reserves in other Queensland basins. The Queensland Mines Department adopt the figure of 220 B.C.F. as the proven reserves of gas in the Surat Basin and Danison Trough. Whereas your company assesses the possible reserves of Challum No. 1 at 350 B.C.F.

Pepita No. 1 was spudded 30 kilometres west of Challum No. 1 on the same geological structural trend. This well made a significant oil discovery in the lower permian patchawarra sediments in that low gravity high quality oil was obtained. Because of mechanical problems encountered in testing the well the hole was suspended pending further testing which will use a workover rig expected to be on location in June. We are hopeful that a good oil flow will be obtained during the workover programme.

Keilor No. 1, located north east of Challum No. 1, was a gas discovery with two gas flows from eight Permian Sandstone of less than one million cubic feet of gas per day. Further evaluation of the Keilor structure will be required. The annual report was released a step out well on the Durham Downs structure has been drilled and tested. A flow rate of 10.9 million cubic feet per day was obtained from the Toolachee Formation on this structure with a trace of condensate. This well was drilled higher up on the structure from the previous discovery well, Durham Downs No. 1. Further appraisal drilling and evaluation of the field will be required to determine commercial viability.

With these discoveries, plus discoveries made in the adjacent blocks, the Cooper Basin consortium is now looking at ways to develop and market the product. As a result of these discoveries, Australian hydrocarbons will require additional funds for appraisal and development drilling and on April 16, 1984, your directors resolved to make a renounceable pro-rata issue of shares and options on the basis of one new share and one new option for every four shares and/or options held by share and option holders registered with the company on May 11, 1984.

The new issue is fully underwritten and will raise a gross amount of \$6,412,500. This money will be used to meet the costs of appraisal drilling and to fund an expanded exploration programme on those blocks in which we hold an interest as announced by the operator, Delhi Petroleum late last year. The money will also enable your company to participate in new exploration ventures.

I am pleased to announce today that on May 11 Australian Hydrocarbons signed a farm-in agreement with Weaver Oil and Gas Corporation in partnership with several other Australian exploration companies to drill two wells and conduct seismic operations in the Bass Basin off shore northern Tasmania. Two wells, Tasmanian Devil in T16/P and Squid in T15/P, will be drilled in this programme commencing in July 1984. The Diamond M Epoch rig has been contracted to carry out this work under a turn-key contract with Triton Engineering, a well known and respected international drilling contractor. The company will participate in this programme on an unpromoted basis to earn a 10 per cent working interest.

The future programme for your company holds great promise. It includes a workover rig to evaluate Pepita No. 1. When the pipe was withdrawn 1,000 feet of oil was recovered. Regrettably in subsequent testing mechanical problems led to suspension of the programme. However the workover rig is expected to arrive location in the middle to the end of June 1984. Your directors and the operator hold high hopes for a significant testing.

Challum No. 1, Keilor No. 1 and the Durham Downs Wells also hold promise of further good reports.

Also in the 1984 drilling programme in the Cooper Basin will be two wells in the Wareena block in which we have only 2 per cent and two wells in the Alkina block in which we have 12 per cent. One of the wells to be drilled in the Alkina block is likely to be located on the Harkaway Ridge, a structural trend which extends north west to south east. Tintaburra No. 1 which recovered good flows of oil from the Hutton sandstone is located on the south eastern extension of the Harkaway Trend. Other exploration companies' activity in neighbouring blocks plus our own seismic and drilling exploration in 1984 will be directed towards following up the success of Tintaburra. Drilling structures will be selected which indicate the best Hutton opportunities for hydrocarbon entrapment.

In the Wareena block one of the two wells planned is likely to be drilled as a step out well on the Tartulla structure where Tartulla No. 1 discovered gas and condensate in the permian sediments.

Your company has been active in the Acadia block of the Canning Basin where an interest of 62.5 per cent is being earned under a farm-in agreement with Western Mining Corporation. A total of eighteen shallow slim holes has been drilled which resulted in four significant shows of asphalt type oil—technically known as biodegraded oil. The oil would not flow on test but indicates that a deeper source for this oil could be present in the area of the shows. In 1984 the operator plans to drill several deep holes to follow up these shallow oils. The deep holes will be located on defined seismically controlled structures where good reservoirs are anticipated at depth. The oil shows have been most encouraging and indicate that the oil potential of the area is high and with perseverance in exploration should lead to success in the future.

SIR BILLY SNEDDEN
CHAIRMAN

Bonomi company plans disposals

By Alan Friedman in Milan

THE INVEST group, a Milan-based private conglomerate of more than 70 companies which is controlled by the Bonomi family, plans to dispose of several of its industrial holdings in order to transform itself into a financial investment company.

Sig Carlo Bonomi, chairman of Invest, said in Milan yesterday that the sale two weeks ago of Invest's Mira Lanza detergent subsidiary was only one of several asset disposals designed to reduce his group's debt and re-orient it away from manufacturing and toward investments. Montedison, Italy's chemicals giant, paid L43.7bn (\$37.5m) to acquire control of Mira Lanza.

Sig Bonomi, who lives much of the time in London, said the proceeds from the sale of Mira Lanza would be used to reduce the group's indebtedness, which now stands at around L120bn. This is double the group's 1982 indebtedness. The Invest chairman, who has been working in recent years to change the group from a family business to a normal holding company, said the group was negotiating the sale of its control of Milano Assicurazioni, the insurance company with 11.5bn at stake, to change the group's debt structure. In addition, the group's postal market mail-order company might also soon be sold.

Last year Invest's consolidated net profits totalled L12.1bn, up 24 per cent on 1982. Group consolidated turnover was L1,598 bn, against L1,312bn

Nestle expected to retain control of Malaysian unit

By Chris Sherwell in Singapore and Wong Sulong in Kuala Lumpur

NESTLE, the Swiss food and drinks manufacturer, is expected to retain a controlling majority stake in its Malaysian operations which is restructured, probably later this year.

The concession by the Malaysian government would represent a major change in its attitudes to foreign investment and mark a further important relaxation in the New Economic Policy, which aims to give Bumiputras (indigenous Malays) a greater share of the country's wealth.

The policy, first introduced in 1970, requires foreign companies to restructure their local operations so that Bumiputras own 30 per cent of the equity and other Malaysians another 40 per cent.

Nestle has been negotiating terms with the Malaysian authorities since last July, and these are now close to being finalised on the basis of majority control. The company's local partner is thought to be a tripartite consortium led by the Pitrums Management and Fund Board (Tabung Haji).

The new company is expected to have a paid-up capital of some 250m ringgit (\$108m) and an annual sales turnover of around 600m ringgit. The policy departure over ownership appears to be related to Nestle's control of its brand-name, without which local operations might not be as lucrative.

Earlier this month Dr Mahathir Mohamad, the Prime

Minister, announced another change in foreign investment policy when he said large capital-intensive and resource-intensive industries which were geared to exporting would also be allowed to retain their majority stakes.

These concessions reflect the government's growing desire to attract foreign investors to Malaysia, especially in the high-technology and export fields it wants to see developed further.

Previously the main exceptions to the policy were foreign-owned companies operating in the country's free trade zone and exporting all or most of their output.

Jump in margins at Reliance Textile

By R. C. Murthy in Bombay

PROFIT MARGINS of Reliance Textile Industries (RTI), India's fastest growing company, ranking fifth by sales, expanded in 1983. Turnover rose by 24 per cent to Rs 5,00bn (\$445m) from Rs 4,06bn and gross profits jumped by 61 per cent to Rs 699m from Rs 433.3m in 1982. The dividend is raised to 30 per cent.

The surge in sales and profits was in contrast to the depressed performance of many textile mills. Mr D. H. Ambani, RTI's chairman, says this has been possible due to innovative product development to meet changing consumer tastes and to dynamic marketing. The company has 400 dealers and more than 1,200 retail outlets which, it claims, is the largest nationwide textile marketing network.

However net profits for 1983 were only Rs 107.7m compared with Rs 106.8m despite the company making no provision for tax. Provisions for depreciation and additions to the investment allowance reserve were doubled substantially to sales last year. Reliance Textile hopes to acquire by mid-year the petrochemicals and plastics plants from Union Carbide India, with whom an agreement was reached early this year. It proposes to invest Rs 1.1bn in modernising its textiles, polyester yarn, chemicals, and plastics plants. When completed, the chemicals and plastics plants, to be acquired from Union Carbide, will double production to Rs 1bn a year.

Japanese shipping lines hit hard

By Yoko Shibata in Tokyo

THE STRUCTURAL recession in Japan's shipping industry has become very serious. Three of the six major shipping companies are in the red and the others have suffered steep falls in net profits in the year to March.

Despite an 11.7 per cent improvement in the value of Japanese exports ocean cargo movements have been slack reflecting the increasing tendency of Japanese industry to give priority to light, compact and high value added products and to air cargo transportation. The tramp and tanker markets have been extremely sluggish, affected by

the declining volume of transport of raw materials and fuels, and exacerbated further by heavily increased deliveries of new vessels.

Because of increasing competition from the non-linear container ships of developing countries, which have advanced into the international shipping business, helped by cheap labour, the Japanese companies have been obliged to reduce their freight rates.

Nippon Yusen, the world's largest shipping concern in terms of hulls owned, for example, suffered parent company revenue falls of Y64.3bn (\$278m),

with its liner section down by Y22.6bn to Y343.4bn and its tramp sector by Y45.8bn to Y254.8bn. The yen's appreciation cost the company Y17bn and Y20bn from the effects of rationalisation, Y20bn from lower fuel costs and an improvement in its financial standing failed to cover the downturn.

Nippon Yusen sees an improvement in cargo movement in the current year helped by the recovery of the U.S. economy but there is little hope of a recovery in freight rates and full-year pre-tax profits are forecast to fall by 14 per cent to Y9bn.

Volvo lifts first-quarter profits by 154%

By Kevin Done, Nordic Correspondent in Gothenburg

VOLVO, the Nordic region's biggest industrial corporation, increased its profits by 154 per cent in the first quarter of the year, the strongest performance in the company's history following a record result in 1983.

Its profitability has been boosted by the continuing surge in car sales, the strong recovery of its truck operations and the elimination of last year's huge losses at Scandinavian Trading Company, its oil trading subsidiary.

Group profits before tax and allocations jumped to SKr 2.6bn (\$324m) in the first quarter compared with SKr 1,025bn in the first three months of 1983. The first quarter results do not include the capital gains of SKr 1.7bn Volvo has made from

its recent hugely profitable share sales with the disposal of its 25 per cent stakes in Atlas-Copco, the engineering group, Stora Kopparberg, the forest products concern and Comaf, the offshore accommodation platform operator.

Group sales overall dropped to SKr 21,687bn in the first quarter from SKr 23,637bn in the same period last year, reflecting a 40 per cent drop in the turnover of Volvo's energy operations.

STC's loss-making oil trading and oil and gas exploration and production operations have been radically overhauled and sales of the energy activities slumped to SKr 6.9bn from SKr 11.5bn in the first quarter of 1983. STC cost Volvo some SKr

1.1bn in losses last year but it has recently disposed of the chief burden, Scandril, the U.S. oil and gas producer, to Bankers Trust, the subsidiary's main creditor. The loss on this disposal was covered by a SKr 500m provision in Volvo's results last year.

Excluding energy, turnover of Volvo's operations rose by 31 per cent in the first quarter of 1983 with turnover jumping by 34 per cent to SKr 8.29bn. Car sales improved in particular in the U.S., Italy, France,

Holland and West Germany. Car sales in the U.S. are expected to rise to more than 100,000 this year from 91,800 in 1983.

Sales of the truck division also staged a dramatic recovery after last year's stagnant performance with both the volume and value of sales jumping by around 50 per cent. The value of truck sales rose to SKr 3.57bn helped by a surge of deliveries to the Middle East, particularly Iran.

Volvo said that truck prices were still under pressure but demand was rising in Western Europe and particularly sharply in the U.S., where its Volvo White truck manufacturing subsidiary was finally operating at a profit.

At the end of March Volvo had liquid assets of SKr 13,8bn. Mr Pehr Gyllenhammar, group chairman, said the company was currently "considering very carefully" how surplus liquidity should be invested but no decisions have yet been made.

He confirmed, however, that Volvo is aiming to raise its 30 per cent stake in Hamilton Petroleum of the U.S. to 50 per cent at some stage in the future. Volvo's result per share jumped to SKr 34.40 in the first quarter compared with SKr 25.40 in the corresponding period last year. Return on capital in the 12 months to the end of March rose to 21.6 per cent from 18.1 per cent in the 12 months of 1983.

All of these securities having been sold, this announcement appears solely for purposes of information.

May 18, 1984

7,310,913 Shares



Common Stock
(\$1.00 par value)

The First Boston Corporation

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<small>Incorporated</small> |
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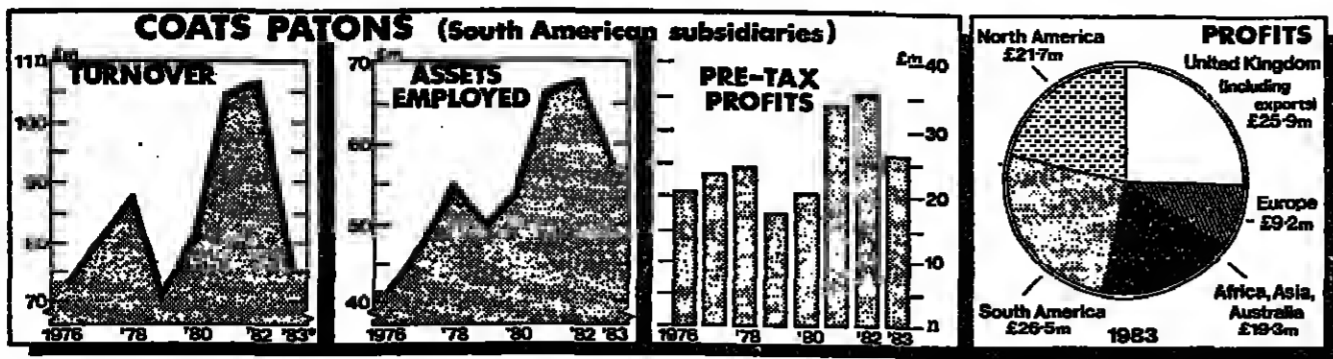
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April 1984

INTL. COMPANIES & FINANCE



The 1983 fall in South American turnover reflects the Venezuelan operation's changed status from subsidiary to associated company

Latin America still tops the UK in the Coats Patons profits league

BY HUGH O'SHAUGHNESSY

"YOU HAVE to be nimble—very nimble." Thus, Mr Bill Coats, chairman of Coats Patons, comments on his company's continuing ability to capture the largest share of its profits out of South America.

The Glasgow-based multinational—which founded its fortunes on spinning but which has diversified into a range of activities from farming to producing precision die casts—obtained 28 per cent of its profits last year from South America, according to the accounts just published.

That 28 per cent was a considerable reduction from the 37 per cent of 1982 and reflected the growing economic crisis in many South American countries. It nevertheless just exceeded the 25 per cent of profits turned in by the group's British operation.

Solid business

Coats Patons' South American empire was founded in 1907 when the then J. & P. Coats set up a spinning operation which, under the name Lanhas Corrente, has come to dominate the Brazilian market. A decade later Coats founded Hilos Cadena in Argentina, which also built up a solid business, overshadowing its rivals in the market.

After the Second World War, when import substitution was the passport in Latin America, the company set up smaller operations. Hilos Cadena in Chile is a 66 per cent-owned subsidiary, and there are associated companies in which Coats Patons has a minority shareholding, but which it manages in Ecuador, Peru and Venezuela.

The subsidiaries last year accounted for £75.8m of the group's £888m turnover, and for £57.6m of total assets of £323.1m. If the turnover of the associated companies is taken into account, the figure for sales in South America rises to almost £100m.

The region produces more than its proportionate share of earnings, £26.5m last year, against group trading profits of £94.5m. Last year, the South American operation's return on assets hovered as usual just under the 50 per cent mark.

Local after-tax profits provide the capital to maintain and expand operations in each of the republics, and Coats is happy to confess that the company has not had to provide new capital from outside for 20 years. Assets employed have gone up from £41.6m in 1976 to £57.6m last year.

After deductions for foreign exchange losses, the group remits "about £5m to £6m" a year from South America. The company will not be drawn on exact figures.

Mr Charles Wallace, the group financial director, says he has no complaints about the level of remittances allowed by the host countries, at between 13 and 15 per cent of registered capital. "Many British companies would be happy with this sort of return net of everything," he adds.

The South American operation is overseen by some 35 expatriate managers, who employ 7,000 workers in the six countries. Likely to be stationed anywhere in the Coats Patons operations from Lima to London, they have got themselves a reputation for being tough

and conservatively minded businessmen.

The strong market position the group's products enjoy in the South American markets allows Coats Patons to be leaders in pricing, a notable advantage in the conditions of near hyper-inflation that obtain in some South American countries. "In an inflationary situation it is the man who puts up his prices last who goes to the wall," says Coats.

Only when price controls are decreed by host governments does the company tend to get jumpy. The drop in profits from £94.2m in 1978 to £17.6m in 1979 was the mark left on the group's record by the price controls that the Brazilian government instituted in that year.

Coats Patons has had a government overseer at its Argentine operation since the Falklands war but his presence has caused little difficulty. "He was there to see that we were not selling off the business. As we had no plans to do so he hasn't had a great deal to do," says Coats.

Money spinner

Coats Patons has a big advantage over the other major British manufacturers in Latin America, BAT Industries. BAT's cigarettes and other tobacco products are a major item in official cost of living indices, and therefore are much more often subject to price control than less sensitive items such as Coats Patons sewing threads. Moreover, the price of sewing thread to a clothing manufacturer is only a small part of his costs. "A garment maker can

be buying thread and not noticing or caring that he's throwing half of it away on the floor," says one industry analyst. The mark-ups on non-industrial products, such as knitting yarns, are considerably higher than those on industrial thread, making them an important money spinner for the company.

For some stock exchange operators, the South American operations of Coats Patons have appeared as something of an albatross hanging round the neck of anotherwise sparkling company. There has in the past been some resentment in Glasgow that the advantages of the operation have not been better appreciated.

Bill Coats is philosophical that the market should value the operations in South America at no more than two or three times earnings. "That sort of valuation is normal in Brazil," he comments.

Will the group ever sell off its South American operations? Mr Coats says he is open minded about a realistic bid and comments that no one has ever made such an offer. If someone came along with a cheque equivalent to two or three times the 1983 profit figure of £26.5m, one suspects that he would have a favourable bearing in Glasgow. "But the cheque would have to be in dollars or sterling," he says. "I can't see it happening myself."

He asks another question: "Will 1984 be the year in which this company reaches a turnover of £1bn, assets of £500m and profits of £100m?" He makes little secret of the fact that he is trying for those three targets very hard.

All of these Securities have been sold. This announcement appears as a matter of record only.



U.S. \$125,000,000

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| BANKAMERICA INVESTMENT BANKING GROUP | BANK OF TOKYO INTERNATIONAL LIMITED |
| CITICORP CAPITAL MARKETS GROUP | COUNTY BANK LIMITED |
| CREDIT LYONNAIS | DAI-ICHI KANGYO INTERNATIONAL LIMITED |
| GULF INTERNATIONAL BANK B.S.C. | IBJ INTERNATIONAL LIMITED |
| LTCB INTERNATIONAL LIMITED | MITSUBISHI FINANCE INTERNATIONAL LIMITED |
| MITSUI TRUST BANK (EUROPE) S.A. | SAMUEL MONTAGU & CO. LIMITED |
| MORGAN GUARANTY LTD | THE NIKKO SECURITIES CO. (EUROPE) LTD. |
| NIPPON CREDIT INTERNATIONAL (HK) LTD. | SANWA BANK (UNDERWRITERS) LIMITED |
| SAUDI INTERNATIONAL BANK
Al-Bank Al-Saudi Al-Atami Limited | SVENSKA HANDELSBANKEN GROUP |
| UNION BANK OF SWITZERLAND (SECURITIES) LIMITED | |
| DEN DANSKE BANK af 1871 AKTIESELSKAB | PRIVATBANKEN A/S |
| COPENHAGEN HANDELSBANK A/S | |

May 21, 1984

All of these Securities have been sold. This announcement appears as a matter of record only.

U.S. \$100,000,000
Teollisuuden Voima Oy
(TVO)

Floating Rate Retractable Notes Due 2004

- | | |
|---|-------------------------------------|
| MANUFACTURERS HANOVER LIMITED | MORGAN STANLEY INTERNATIONAL |
| BANKAMERICA INVESTMENT BANKING GROUP | BANK OF TOKYO INTERNATIONAL LIMITED |
| BANQUE NATIONALE DE PARIS | CITICORP CAPITAL MARKETS GROUP |
| COMMERZBANK | COUNTY BANK LIMITED |
| GOLDMAN SACHS INTERNATIONAL CORP. | HAMBROS BANK LIMITED |
| KANSALLIS-OSAKE-PANKKI | IBJ INTERNATIONAL LIMITED |
| MITSUBISHI TRUST & BANKING CORPORATION (EUROPE) S.A. | LTCB INTERNATIONAL LIMITED |
| MORGAN GRENFELL & CO. LIMITED | SAMUEL MONTAGU & CO. LIMITED |
| ORION ROYAL BANK LIMITED | MORGAN GUARANTY LTD |
| SAUDI INTERNATIONAL BANK
Al-Bank Al-Saudi Al-Atami Limited | POSTIPANKKI, HELSINKI |
| SWISS BANK CORPORATION INTERNATIONAL LIMITED | SOCIETE GENERALE DE BANQUE S.A. |
| WESTDEUTSCHE LANDESBANK GROSZENTRALE | UNION BANK OF FINLAND LTD. |
| YAMAICHI INTERNATIONAL (EUROPE) LIMITED | |

May 21, 1984

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

29th May, 1984



SEKISUI HOUSE, LTD.

(Sekisui House Kabushiki Kaisha)
(Incorporated under the laws of Japan)

U.S. \$50,000,000

3 per cent. Convertible Bonds 1999

Nomura International Limited

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| Dresdner Bank Aktiengesellschaft | Union Bank of Switzerland (Securities) Limited |
| Algemene Bank Nederland N.V. | Banque Nationale de Paris |
| Banque Paribas | Baring Brothers & Co., Limited |
| Commerzbank Aktiengesellschaft | County Bank Limited |
| Credit Suisse First Boston Limited | Daiwa Bank (Capital Management) Limited |
| Daiwa Europe Limited | Robert Fleming & Co. Limited |
| Fuji International Finance Limited | The Nikko Securities Co., (Europe) Ltd. |
| Orion Royal Bank Limited | Salomon Brothers International Limited |
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| Swiss Bank Corporation International Limited | S. G. Warburg & Co. Ltd. |
| Yamaichi International (Europe) Limited | |

JUGOBANKA
United Bank
U.S. \$50,000,000

Floating Rate Notes due 1989
For the six months to 30th November, 1984 the Notes will carry an interest rate of 13 1/2% per annum.

Coupon values will be:
\$1,000 Notes \$69.00 \$10,000 Notes \$690.00
Barclays Bank International Limited, London
Agent Bank

May 30th, 1984

Oesterreichische Kontrollbank Aktiengesellschaft
US\$100,000,000
Guaranteed Floating Rate Deposit Notes 1987
Guaranteed by the
Republic of Austria

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the Interest Period commencing on May 31st, 1984 the Notes will carry an interest rate of 11 1/4% per annum. On August 31st, 1984 interest of US\$14,814.58 will be due per US\$500,000 Note against Coupon No. 10.

Agent Bank
ORION ROYAL BANK LIMITED



Bank of Communications
(Taipei, Taiwan, Republic of China)
U.S. \$40,000,000
Floating Rate Notes due 1993
(Redeemable at the Noteholders' option in 1990)

In accordance with the provisions of the above Notes, notice is hereby given that for the six months from 29th May 1984 to 2nd November 1984 the Notes will carry an interest rate of 13 1/2% per annum.

The interest payable on each U.S.\$10,000 and U.S.\$5,000 Note on the relevant interest payment date, 2nd November 1984, against Coupon No. 3 will be U.S.\$644.95 and U.S.\$322.47 respectively.

Agent Bank
Lloyds Bank International

UK COMPANY NEWS

Allied-Lyons advances to £195m

IMPROVED RESULTS in all divisions enabled Allied-Lyons, the brewer, vintner, hotelier and food manufacturer, to report a 22 per cent increase in profit before tax for the year to March 3, 1984.

The result, up from £159.5m to £194.9m, was achieved on turnover which also increased, by £207.4m, to £2.85bn. The directors propose a final dividend of 4.39p per ordinary share, against 3.85p, making a total of 6.81p (6.05p).

The beer division increased its profits by 11.5 per cent to £55.1m. This follows particularly strong growth in the previous year, state the directors. Total volume in the market place increased marginally during the year and the division broadly held its market share, including the lager segment. The continuing investment in the retail estate is showing very satisfactory results.

The wines, spirits and soft drinks division increased its profits by 12.2 per cent to £68.1m. The division maintained

HIGHLIGHTS

Lex takes a close look at the results of Courtaulds and Allied-Lyons, both of which have released their preliminary figures for last year. The textile giant showed strong profits growth from £63.3m to £117.3m at the pre-tax level, with the main impetus coming from the UK fibres division. At Allied-Lyons, profits jumped 22 per cent to £195m, thanks to a strong performance by the group's food division. As well as commenting on the market, Lex also takes a look at the Grand Metropolitan announcement of a plan to sell its U.S. tobacco business to employees and outside investors for around \$325m.

its trading position well, with good increases in sales of light wine and ridders, and improved exports earnings.

The food division performed particularly well with a 15.7 per cent increase in sales to exceed £1bn for the first time, and a 35 per cent increase in profits to £50.1m.

The UK companies contributed the greater part of the increase in profits, but the U.S. companies also did well and movement in sterling/dollar exchange rates

was helpful. Smaller increases in profit elsewhere in the world were eroded by the relative strengthening of sterling, state the directors.

Operating costs, at £2.65bn against £2.47bn, took an increased share of the group's turnover, and the profit disposal of properties and investments was down from £14.3m to £13.4m. The contribution of profits from related companies was slightly higher at £25.7m, and income from other investments

fell from £2.1m to £1.5m.

Finance charges were reduced by £11.2m to £42.5m mainly as a result of lower interest rates and were helped by a gain of £2.2m from foreign currency management. The tax charge was up from £39.4m to £69.1m, and after minorities absorbed £3.9m (£4.5m) there was a distributable profit of £121.9m against £108.2m. Earnings per share, after last year's extraordinary debit of £15.6m, were 18.2p (14p).

The properties owned by the group in the UK and the Republic of Ireland, with the exception of those held on short lease, have been revalued mainly by the group's professional staff, giving rise to a surplus of £188.9m which has been added to revaluation reserves.

During the year, group capital expenditure amounted to £123.2m (£117.9m). Mr F. E. Showering and Sir Gerald Thorley will retire from the board at the conclusion of the AGM on July 10. See Lex

Recovery boosts Courtaulds to £118m

THE STRONG recovery in the British textiles and clothing sectors helped Courtaulds, the world's largest textiles concern, to push its pre-tax profits up by 56 per cent in 1983-84.

Preliminary figures show pre-tax profits rising to £117.3m on a turnover of £2.04bn compared with £63.3m on £1.97bn in the year to March 1983. Whereas the operating profit on UK operations doubled to £72.7m those on Courtaulds' overseas dealings rose by just 19.7 per cent to £54.5m.

The British operations were heavily influenced by the UK coming out of the textile recession ahead of other countries and during the year the ending of destocking coincided with the pick-up at retail level so that increased orders were transmitted immediately to shopfloor level.

The strong U.S. dollar also helped British operations as it made British goods more competitive at a time when that country was recovering from depressed conditions.

Despite the 6.4 per cent rise in turnover the volume increase was rather less than half the posted target. However, rather better news came from the rise in operating margin on sales, which went up from 4.3 per cent to 6.3 per cent.

"Although some benefit was derived," according to Courtaulds, "from selling prices rising more quickly than raw material prices and other cost items, the bulk of the increase is attributable to productivity which increased by 9 per cent."

Courtaulds gained the greatest benefit from the early stages of its production chain. Turnover in fibres went up from £780m to £840m whereas in both fabrics and consumer products the increases were minimal.

However, the group managed to get a very much better profit performance out of fabrics which earned 16.5m in the year compared with only £5m in 1983.

BCL, the cellophane interests, also performed creditably, with turnover rising from £187m to £210m and profit from £2m to £12m.

There was a cash inflow of £102m, including the £99m raised through a rights issue and £3m from the disposal of a Singapore-based merchant bank belonging to Bowater Corp. Under the terms of the deal, it will buy the remaining 20 per cent of the bank.

The first stage of the transaction was made at a cost of £55m (£45m), and a price has been agreed for the rest. Bowater feels that, as an industrial group, banking in the Far East is not appropriate, but See Lex

Aitken Hume at £3.8m, plans further expansion

AN INCREASE of 67 per cent, from £2.27m to £3.8m, in profits was achieved in the year ended March 31 1984 by the Aitken Hume Holdings group of investment managers, corporate financiers, and specialised bankers.

There has been a good start to the current year, and the directors are confident of significant profits growth in both the immediate future and longer term.

Having established a strong base in the UK and North America, they are seeking further opportunities for growth. Particular emphasis is on the life insurance sector at home and in fund management in the U.S., and the directors expect to announce developments in each of these areas during the current year.

The 1983-84 figures include only 24 days of profit of National Securities and Research Corporation of New York, which was acquired on March 6, the directors point out. They believe that the purchase will produce substantial benefits for the group through the marketing and development of existing products both in the UK and the U.S.

This is expected to include the provision of inter-annual investment services for American pension funds.

In the year the group's U.K. operations, particularly the investment management side, have continued to grow strongly. Sales of unit trusts units were maintained at high levels throughout the year. Banking services have developed activities which are primarily directed at the investment client and professional advisers.

Corporate finance and investment banking activities were again "highly profitable," although the absolute volume of business was not significantly higher than in 1983.

The final dividend is the forecast 4p on capital increased by

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div. year	Total for year	Total last year
Aitken Hume	4t	—	2.75	6	3.63*
Allied Lyons	4.39	July 27	3.85	6.91	6.05
Capital & Counties	3.3	July 30	3	4.4	4.2
City Site Estates Int.	0.34	July 17	0.29	—	0.38
Courtaulds	3	Aug 6	2.25	4.2	3.25
Eastern Transvaal	70	July 28	40	90	0.6
Edinburgh Financial Int.	0.1	—	—	—	—
Edinburgh Rubber	0.23	Aug 20	0.2	0.43	0.2
Hartebeest	425	July 28	460	725	780
Inchcape	11	July 19	11	18.18	18.15
Lalsuretime Intl. Int.	1	Nov 1	0.9	—	1.4
Maurice James	0.65	Aug 31	0.75	1.25	1.25
Fyke (Holdings) Int.	2	—	—	—	0.5
Renbia Rubber	1	—	1.5	—	—
Zandpan Gold	72	July 28	78	122	128

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock †South African currency throughout.

the November rights issue; this makes 6p net compared with 3.625p for the previous year. Gross revenue reached £20.46m (£10.2m) and the profit was struck after loss stock interest £401,000 (£228,000).

After tax £459,000 (£327,000). Gross revenue reached £20.46m (£10.2m) and the profit was struck after loss stock interest £401,000 (£228,000).

The directors are satisfied that the group's existing arrangements regarding deferred tax are such that no provision is required.

comment Aitken Hume could not have asked for better conditions last year — unit trusts sales booming and companies coming to the stock market in droves. The pace of the share market — the siren, but taking up the running is the newly-acquired NSR, the U.S. investment manage-

ment group. That only contributed to 24 days of the 1983-84 figures — though the company had the use of the £16.8m rights money raised to help pay for NSR for a couple of months before that. This year NSR could comfortably chip in £2.5m plus to group profits. Its purchase highlights the group's plan to build up its fee income business, with the hope that that will improve the quality of earnings. Aitken Hume's other plans should have the same effect. There is the chance that some of NSR's U.S. pension fund clients — making about half the £1.3m under management — might pick the company to manage their international portfolios, getting it into the fast-growing ERISA market. Other planned moves like life insurance, broking and market making — all add up to financial supermarket status. But the City is still wary of the 9.5m shares being issued — the rights stopped — and the p/e is likely to stay low. The shares added 1p to 158p yesterday.

Bristol Oil buys prospects in Colombia

By Dominic Lawson

Bristol Oil & Minerals, the oil finance house headed by Mr Paul Bristol is acquiring a 10 per cent preliminary note of \$4.4m (£3.17m) and a 16 per cent interest in almost 1m acres of exploration prospects in Colombia, from Mecom Colombia Inc.

Mecom Colombia is a wholly owned subsidiary of the private U.S. oil company, The John W. Mecom Company. The acquisition will be satisfied by the issue of Mecom Colombia of 4.31m Bristol Oil & Minerals ordinary shares, equivalent to 75p per share. Bristol Oil & Minerals' share price rose 4p yesterday to 33p.

The preliminary note is payable to Bristol Oil & Minerals in five annual payments of \$1.15m each. As a result of the issue of Bristol shares Mecom Colombia will end up with almost 11 per cent of the equity of Bristol Oil & Minerals.

FKI Electricals up to £2.3m

EXISTING OPERATING divisions at FKI Electricals have improved their performance and the acquisition of English Numbering Machines has been "highly successful," with this company returning to substantial profits in the second half of the financial year. Group pre-tax profits for the year to the end of March 1984 rose from £1.5m to £2.26m on turnover ahead from £7.05m to £10.7m.

Earnings per share after tax rose from 0.52p to 2.34p and an increase in the final dividend from 0.2p to 0.225p is proposed. This raises the total from 0.2p to 0.425p. The directors are also proposing a 1-for-10 scrip.

Commenting on outlook Mr A. Garland, chairman, says that initial trading in the current year shows a significant improvement, with ENM now making a full contribution. Further additions to profits may be expected from both new products under development, and from the recently acquired Tully Engineering which supplies automated harrier control systems. Last year Tully's sales were

just over £1m on which it made a modest profit. It is intended to relocate the business in the FKE factory premises in Braintree, near Halifax, in order to share overheads and maximise sales effort. The result of this move should be a substantially improved profit contribution.

The directors continue to seek further suitable acquisitions and are hopeful of concluding at least one other in the next few weeks. Because the past year has proved both very profitable and positive in cash flow terms, they expect to fund this acquisition from existing cash resources.

Net cash rose from £304,000 to £1.8m. Mr Garland says the acquisition of English Numbering Machines proved of substantial benefit once restructuring and re-location were complete by the half-year point. In the second half the company operated jointly with the manufacturing division.

comment It is nice to see FKI knocking its English Numbering Machines

acquisition into shape so quickly. If only because the ENM strategy is due to be repeated elsewhere. The aim is to buy electronics companies which offer the combination of a high gross margin and a low net profit — and introduce good management. The master plan is to carry on making acquisitions at or above the size of ENM (£2.2m) for the next three to four years, with a target for group turnover of £40-£50m and profits of £5-£6m. Thereafter, the theory is that the company should settle down to more modest organic growth. It will be hard to get such good returns on acquisitions in future, since ENM and the most recent purchase, Tully, have been relocated into the last of FKI's spare factory space. But the strategy of exploiting market niches in electronics is an attractive one. The group argues, perhaps with some justification, that its historic p/e of 9.6 (on a share price up 2p to 23p) is scant recognition of a growth record that has topped 25 per cent in all but one of the last 11 years.

Websters Group

The rights issue by Websters Group of 3,937,084 ordinary shares at 84p each has been accepted as 3,255,382 shares, representing 92.1 per cent of the issue. The balance has been sold at a premium, which will be distributed to shareholders entitled thereto.

Petrolex places 14% of equity on USM

Morgan Grenfell is placing just over 14 per cent of the equity of Petrolex, an oil and gas exploration company, on the USM at 65p per share. At the placing price the company will have a market capitalisation of £10.6m and a net asset value per share of 115p per share based on net assets of £18m.

The company failed to gain any licences in the Seventh Round of applications after being launched in May 1980, but was lucky in the Eighth Round gaining two licences. Earlier this year it merged with Viva Petroleum thus gaining further licences and a 25 per cent working interest in the Forties Field.

The Forties Field stake provides a balance of production and exploration interests with estimated recoverable reserves of around 1.9m barrels of oil. Petrolex hopes to offset the PRT liability from this production. Dealings in the shares are expected to begin on Monday, June 4. Stockbrokers to the issue are Hoare Govett and Savory Mills.

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COMPANY NEWS IN BRIEF

TURNOVER and profits well on the way to being doubled are announced by Pyke (Holdings), the catering butchery group, for the half year ended to March 31 1984. And current trading continues at a "satisfactory level," the directors report.

Including Peter Fairfax, acquired last September, turnover for the six months has expanded from £3.4m to £15.5m and the profit before tax has advanced from £27,000 to £505,000. The company is now paying corporation tax at effectively the full rate, and allowing for the extra shares in issue following the rights, this has led to a reduction in earnings from 10.2p to 6.7p.

The interim dividend is lifted from 1.5p to 2p net per share. Last year's total was 3.5p psid from pre-tax profits of £630,000. Half year's tax provision was £246,000 (£29,000) to leave the net profit at £236,000 (£248,000). Significant additional provision for deferred tax has been necessitated by the changes in the Budget. The additional provision have been estimated at £280,000 and will be treated as an extraordinary item in the full year accounts.

Leisuretime International, the hotel and holiday group, has made inroads into its seasonal first-half loss, and cut it from £198,000 to £138,000 for the period to April 30 1984. The reduction understates a significant improvement in trading, the directors point out, since this time the figures include those of Repose Hotels, Jersey.

The loss per share comes out at 2.5p, against 2.9p. The net interim dividend is raised from 0.9p to 1p for the year ended October 31 1983 the total payment was 1.8p from profits of £288,000.

Old Swan Hotel, Harrogate, has attracted bookings at a higher level throughout the period, while Repose are ahead of budget and should produce satisfactory results. Preston Travel has had to contend with difficult trading conditions and a number of personnel problems, but will produce an improved performance in the current year.

The directors say that the villas and apartments in Spain, Majorca and the Canary Islands have increased in value, and they are considering whether a valuation of those assets would be appropriate. They are also looking into ways in which the return from the other assets in the UK and the Channel Islands can be improved.

Unicore Enterprise has been compulsorily wound up in the High Court. A compulsory winding-up order made on Monday May 21 against Unicore Technology was rescinded and the petition dismissed by consent, the company have already been compulsorily wound up at Manchester on February 27.

Taxable profits at City Site Estates, the Glasgow-based property investor, increased sharply from £27,000 to £120,000 for the half year to March 31 1984. The result at the last year end was £110,199, and the directors are confident that asset value and profits will be increased for the second half.

The company is increasing its interim dividend by 17 per cent, from 0.29p to 0.34p, and is confident that this will be repeated in the year end, "barring unforeseen circumstances. The total last time was 0.58p.

Rental income increased by £2,000 to £199,000 at this USM-listed company. Increases had been anticipated at the last year end from rent reviews and the high incidence of reversions in the portfolio expected during the current year.

Tax took a larger slice, at £36,000 against £14,000, and earnings per share emerged at 1.63p (loss 0.07p).

During the first half the company disposed of properties at the lower end of its portfolio and has since acquired a substantial office building in Glasgow's city centre. The West Regent Street office development is progressing on schedule and the property, when completed in late 1985, will be valued in excess of £1m.

Mr Charles Hambro, the chairman of Sovereign Oil and Gas said at the AGM that the board was reviewing its dividend policy as a means of expanding its business in the fast-growing South East Asia region.

In the first quarter of 1984 Jackson Explorations Inc has shown a loss before tax of £786,112, against \$644,385 in the corresponding period of the previous year. Jackson has sold 25 per cent of its Adang Block in Indonesia

to two South Korean companies, including the Korean Petroleum Development Corporation which is owned by the South Korean Government. Negotiations continue with other potential partners with a view to drilling a two- or three-well programme on the block starting in the second half of this year.

On rental income of £158,000 against £161,000, pre-tax profits of Phoenix Properties & Finance fell from £65,000 to £22,000 in the year to September 30, 1983. They were after administration expenses of £128,000 (£20,000), interest of £130,000 (£22,000) and associate losses of £23,000 (£108,000). They included interest receivable of £143,000 (£54,000). Tax took £19,000 (£32,000) for earnings of 0.05p (1.5p loss) per 25p share and there is again no dividend.

Net asset value per 25p income share rose from 40.81p to 41.16p for the six months ending April 30 at Falcorn Investment Trust. At the last year end it stood at 40.83p.

Revenue after loan interest payable amounted to £101,125, against £80,244, and the interim dividend — already known at 2.2p (2.1p) — will absorb £29,900 (£50,400).

Net asset value per capital share was 6.51p (3.87p).

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operators; *Edenhall*, the UK's biggest producer of concrete facing bricks and *Steel Stockholders*, of Mossend, Lanarkshire, the largest steel profiler in the UK.

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"1984 is a year of transition for your Company - transition from the historical structure of the Group to a new Dunlop."

Sir Maurice Hodgson, Chairman of Dunlop Holdings plc, speaking at the Group's Annual General Meeting on 29th May 1984

The Year 1983

Whilst the first half year's trading was somewhat slow and patchy particularly in Europe, there was a steady improvement in the second half of the year as the general economic recovery got under way. With our businesses outside Europe continuing to perform satisfactorily we had a better year in trading terms than had seemed likely in September. As a result, a loss at the pre-tax level in 1982 was converted to a significant surplus for 1983 as a whole. However, after minorities and substantial tax payments, there was still an attributable loss before extraordinary items although this was very nearly halved compared with a year earlier.

Commentators often refer to the so-called powers of multinational companies to regulate their fiscal affairs to their own advantage at the expense of host countries. In this respect, shareholders may note the inescapable and very considerable tax burden that the Company has had to bear on its overseas activities, despite the Group's overall trading results. In 1982, we paid £31 million tax on a loss of £7 million; in 1983, we have paid £27 million tax on a profit of £17 million.

Although our results showed a very welcome improvement in 1983, your Board is well aware that there is still a lot of work to be done to bring the return on assets up to an acceptable level. In the circumstances of 1983, you will not be surprised that the Board was unable to recommend the payment of a final dividend.

The Sumitomo Deal

It had become absolutely clear by the end of 1982 that despite a series of measures to staunch the losses arising from our European tyre operations over the previous three years, more fundamental restructuring of the Group was imperative. The total disposal or closure of a large part of the existing European tyre operations became essential to the continued existence of the Company. I have no doubt that the course of action which we chose and of which shareholders were informed last September was the right one. As you will have seen, the initial costs involved in terms of write-offs and provisions for redundancy are heavy. But we believe that these provisions have been assessed on a prudent basis, that is to say the probable costs will be adequately covered by the provisions made. There is no doubt these steps will be beneficial in the longer term through the elimination of losses in a cash hungry business.

On 1st July next, the tyre research and development activities of the Group centred in Birmingham will be transferred to Sumitomo. From that date, Dunlop will receive technical assistance from Sumitomo for the major part of the tyre range. However, Dunlop will continue to provide technical assistance to Sumitomo on aircraft tyres and sports goods.

The next stage is on 1st January 1985, when Sumitomo will take over the tyre manufacturing operations in the United Kingdom and Germany excluding the wholesale and retail tyre operations in both countries. The future of these two operations will be the subject of further discussions with Sumitomo.

In financial terms, we have already received £43 million for the sale of our 40% shareholding in Sumitomo Rubber Industries and for the sale of the rights to the Dunlop name in Japan, Korea and Taiwan. In July we receive £6 million for the tyre technical operations and at the beginning of 1985, a further £40 million for the assets of the tyre factories, plus such sums as may be agreed with SRI for the stocks and working capital in the businesses.

1984 is therefore a year of transition for your Company - transition from the historical structure of the Group to a new Dunlop. But 1984 will also be a year of

transition in another sense. The inevitable costs associated with this fundamental restructuring and rationalisation have significantly reduced ordinary shareholders' funds whilst the level of indebtedness has remained high. The present relationship of equity to debt is unacceptable and we are actively considering with our advisers and bankers ways to reduce the Group's borrowings to more appropriate levels for the future needs of the new Group. I can assure shareholders that any proposals will be put to them as soon as practicable.

In any case, the Board has an obligation, which it fully recognises, to take further measures to reduce the Group's indebtedness. These could well include the disposal of some operations which do not have a central role in our future strategy. In the meantime, management is taking all possible steps to reduce expenditure generally to cut operating costs still further, and to improve the margins on existing products, both at home and overseas.

The Shape of the New Group

The relative weight and balance of activities will inevitably change. Dunlop will remain an international manufacturing and trading organisation with a strong and continuing interest in the tyre business outside Europe, but with increasing emphasis on a range of specialised 'non-tyre' products both in Europe and elsewhere. It will be a very substantial business with a turnover of some £1 billion, manufacturing in 13 countries and trading in or with over 100 countries.

Over half the turnover and operating profit of the new Group will initially be derived from tyre manufacturing and marketing outside Europe. The balance of the Group's business will be accounted for by a variety of industrial, engineering and other products. The Group will continue to have a wide range of operations, and the geographical spread which has served us so well in the past by diversifying the risks can be expected to operate to our advantage in the future.

The tyre business outside Europe will be sustained as a major contributor to Group profits with the help of continuing and competitive tyre technology derived from Sumitomo. A twenty year technical aid agreement and the close links built up between the two companies over the last twenty years will ensure that Dunlop's technical requirements overseas will be fully safeguarded. But in addition to tyres, there will be an increasing range of specialised products serving such major and growing markets as

aerospace and transportation generally the extraction and construction industries.

Many of these diversified products were originally developed in the UK but a number are now manufactured overseas, particularly in South Africa, Malaysia, Zimbabwe, Nigeria and New Zealand. In addition, there are smaller and more specialised operations in Canada, Brazil, Thailand, Indonesia and Kenya.

In each of these key markets served by the Group there are a number of existing and new projects of particular significance for the future. These range from carbon brakes for aircraft, in which we are world leaders, and high pressure flexible pipe for oil exploration and recovery to automotive and medical products based on new composite materials and processes. Expertise in the formulation and fabrication of materials, both traditional and new, remains a fundamental strength of the Group.

But as well as the variety of products and geographical spread, the new Group will have two additional strengths - knowledge of international operations and markets, and the high reputation for quality which it enjoys throughout the world. The Dunlop name and symbol which unify the Group are commercial assets of great value.

With the ending of the cash drain from the European tyre activities, future strategy will be to continue to support our profitable tyre operations overseas whilst re-inforcing the development of existing and new, higher technology products. At the same time, it is our intention to phase out certain low margin products where the present and likely future returns are inadequate. Over time, we would expect the relative proportion of tyre and automotive activities to decrease as our diversified products operations grow faster. Geographically the most rapid expansion of the Group's activities is likely to be in North America, the Far East and the Pacific Basin, but this will not preclude other regional initiatives where profitable opportunities occur. But the Company's centre, and most important single market, will remain the United Kingdom which will continue to provide most of the 'know-how', experience and expertise for the development of the Group's business worldwide.

Current Trading

So far this year, profit before tax for the Group is materially ahead of that for 1983 with most of the UK operations recovering well from the effects of recession. Overseas, relative performance has been more variable but the latest figures confirm our earlier view that the general

level of activity is on an upward trend. Provided that there is no unexpected downturn in the world economy in the second half of the year,

trading results for 1984 as a whole should again show an improvement over those for last year.

Faced with the problems of world recession and a declining home customer base, the last three years have not been easy for any of those involved with the Company and certainly not for our employees. But I can assure shareholders that there has been no lack of willing effort by people at all levels to meet these challenges and to overcome the particular problems facing your Company. I should like to thank them on your behalf and to assure you that the corporate will to succeed and to restore the Company's profitability remains undiminished.

Board Retirement

I should like to refer to an impending retirement from the Board. Mr. Geoffrey Wheater will retire in July after 37 years' service with the Company. Mr. Wheater joined the Company in 1947 and held a number of senior appointments in Germany and the UK where he was latterly concerned with the tyre business worldwide. He was appointed to the Main Board of the Company in 1975 and has been a loyal and valuable colleague. I should like to thank him for his long service to the Company. We shall miss his knowledge and experience.



DUNLOP

Please send me more information about Dunlop
Please tick choice
 Dunlop Annual Report 1983.
 Copy of the Chairman's Statement.

NAME _____
ADDRESS _____

Post to: The Secretary, Dunlop Holdings plc,
Dunlop House, Ryder Street, St James's, London SW1Y 6PX.

UK COMPANY NEWS

Capital & Counties rises by 39% and lifts final

A SUBSTANTIAL increase in profit before tax has been shown by Capital and Counties, property investors and developer which also has housebuilding interests. In the year to March 25 the result showed a 39 per cent rise to £7.66m, against a restated £7.66m, with most of the improvement showing as a second half surplus of £7.53m.

The final 3.3p dividend represents a 0.3p increase over last year, and lifts the total from 4.2p to 4.7p.

Operating income also rose, from £12.61m to £15.07m, and a sector analysis shows: property investment £10.36m against £9.8m; property trading £91,000 against £1.6m; housebuilding £3.72m against £1.1m.

The operating income from housebuilding contains an unusually large contribution from land sales due to approximately £2.5m profit from the sale of a site with the benefit of the change of use from residential to retail. The estimated addition to operating income resulting

from this was about £1.8m. Administration expenses amounted to £2.37m, against £2.34m and interest charges were down from £3.57m to £2.44m. Revenue earnings per ordinary share were 9.35p (7.65p), the capital surplus per ordinary was 23.31p (9.95p), while net asset value emerged at 251p (223p).

The independent professional valuation of the investment portfolio on an open market basis at year end resulted in a surplus of £14.8m—an increase of approximately 8.6 per cent—which has been reflected in the capital surplus.

comment

Capital's full-year results have been boosted by a £2.6m windfall resulting from the sale of a site whose usage was changed from residential to retail. So a more accurate picture is gained by stripping out this exceptional item, leaving real growth of a mere 5 per cent, which is in line with both the company's warnings earlier in the year and

market expectations within a dull property sector. To contain the position, Capital has been concentrating on its investment portfolio—a strategy reflected in the current breakdown showing an 8 per cent increase in property investment and a downturn of more than a third in property trading. If anything, it was the property revaluation which surprised; the net asset figure of 251p was generally higher than anticipated and still does not take account of the surplus on revaluation of the Wakefield shopping centre, which will now come through next year. No doubt this is due to Capital's emphasis in its portfolio on retail properties, which have proved to be exceptionally resilient to the recession. On this conservative basis, the 181p shares, up 2p, stand on a 28 per cent discount to asset backing which, given the fact that the company's development programme is coming on stream, looks as if there could still be a bead of steam in the pipeline.

Hunter Saphir joining the USM

Hunter Saphir, which distributes and markets fresh produce to major retailers including Marks & Spencer and J. Sainsbury, is coming to the Unlisted Securities Market and offering for sale 11.5 per cent of its shares at 120p per share.

County Bank has underwritten the offer of 1.78m shares in the group which at the offer price sell on a p/e of 18 and give the company a market capitalisation of £18.6m and a yield of 1.58 per cent.

The group has developed a successful business through its four main operating subsidiaries which together see the transfer of fresh produce, mainly fruit and vegetables, from harvest to the retailer's shelf. It includes a worldwide procurement and marketing organisation, appropriate storage facilities and temperature controlled vehicles for distribution.

The Hunter distribution subsidiary is the biggest profit generator making £53,000 pre-tax in 1984 on turnover of £6.52m of which 50 per cent of sales went to Sainsbury's. Group pre-tax profits in the year to February 1984 were £18m (£1.06m) on turnover up from £59.55m to £63.24m.

The group will raise £1.58m through the issue of new shares. The directors feel that the acquisition will facilitate acquisitions which they expect to make in assisting the group's expansion.

Phillips & Drew are brokers to the issue.

comment

Anyone who goes shopping in one of the major chains of supermarkets will have noticed the increase in the quantity and variety of fresh produce on sale. Hunter Saphir has benefited from this growing multi-million pound market with its well-developed procurement network and close relations with major customers. It has worked with Marks & Spencer to bring a steady supply of the iceberg lettuce and various recipe dishes. It also helps to bring new potatoes all year round, as well as kiwi fruit, mangoes and avocados.

The company is big enough for a full listing, but enough shareholders could not be found to part with sufficient shares to qualify. The Saphir family owns 80 per cent of the enlarged issued share capital and intends to keep the company independent. With so few shares being offered for sale, they are likely to be snapped up and should go to an immediate premium.

Thai loss checks Inchcape growth

AFTER a static first half, Inchcape, international merchant, benefited from better operating conditions in the later months of 1983 and finished the December 31 year with profits ahead from £30.54m to £53.02m at the pre-tax level. Turnover increased by £58.8m to £1.78bn for the 12 months.

Profit was adversely affected by an £5m operating loss (\$1m) in the Thai Motor group, the agricultural and motor business in Thailand which is being sold.

The directors say that because the group's basic trading position was more encouraging at the end of 1983 and as the improvement has continued into the current year, they are recommending a maintained dividend of 18.15p with a same-again final of 11p.

Greater emphasis is being placed in future, they state, on services of a more specialised nature where the group's international experience and strong management network "can find opportunities for profitable growth". The directors believe that the current improvement in result can be maintained for the remainder of 1984.

After a tax charge of £37.04m (£33.85m), and minorities and pre-tax dividends, earnings were £11.2m (£10.2m) or 13.2p (12.1p) per £1 share.

There were, however, extraordinary debits totalling £26.73m for the year, against £5.58m, which included a turnover and profit for restructuring the Thai Motor group and for the loss anticipated on its sale.

This resulted in an attributable profit of £14.5m (£14.5m profit). Ordinary dividends will absorb £15.32m (same), leaving a £0.95m (£1.02m) loss.

A breakdown of turnover and pre-tax profits shows general merchandising £738.49m (£708.34m); motor £763.13m (£716.72m); and £5.2m (£9.69m) for restructuring the Thai Motor group and for the loss anticipated on its sale.

A loss was made in Australia following the collapse of an important insurance company. In both India and Africa the tea producing interests of the group showed excellent results reflecting the strong world demand for quality teas.

The Far East continued to be the most important contributor to group profits in 1983, with improved results from most of

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Leeds, MIEPC, Telo and Lyle.

Finals: Chasman Industries, Conine, Ounhill, Harrisons and Gresham, M & G Second Quail Trust, Smith Brothers, Western Brokers.

FUTURE DATES

Interims: June 20

Finals: June 20

Nottingham Brick June 7
Plymouth 1984 June 12
Senior J.I. (Contractors) June 7

Finals:
Burnett and Hallamshire June 22
Cairnes Capital and Leasing June 5
Centenary Industries May 31
Electric and Gas Inc June 28
Energy Services and Elec. May 31
Harlewood Foods June 11
Hill Samuel June 5
Howard and Wyndham June 1
Immedial Business Systems June 1
Manor National May 31
New Thompsons Ltd (1983) June 6
Racal Electronics June 6
Redland June 28
TR N. American Inv. Ltd June 6
Totter Kemsley and Millbourn June 4

tion £15.02m (£55.83m) and £2.7m (£2.31m); tea £25.94m (£15.6m) and £3.53m (£2.4m); man ufa c u r i n g £1.54m (£1.75m); other £62.000 (£2.12m); and £3.7m (£6.6m); investment income £1.54m (£1.28m); central charges and interest costs £17.32m (£17.58m).

The directors explain that the group's general merchandising business benefited from the improving economic conditions. The automotive distribution activities were seriously affected by the losses in Thailand, which were due to lapses in management control during a period of difficult trading conditions. There were also losses arising in the commercial and heavy businesses in Malaysia where the market was depressed.

In the UK and Europe the company's motor businesses did well; Mann Egerton made an excellent return to profit, directors state.

A loss was made in Australia following the collapse of an important insurance company.

In both India and Africa the tea producing interests of the group showed excellent results reflecting the strong world demand for quality teas.

The Far East continued to be the most important contributor to group profits in 1983, with improved results from most of

duce the values at which properties are carried in the accounts by £43m which has been charged to revaluation reserve.

This account for the bulk of a £68m drop in shareholders' funds at the year-end. Sir David Orr, chairman, said later that emphasis for expansion within the group's identified growth areas was now likely to be organic rather than by acquisition, while it digests the recent £35m takeover deal with Transcontinental.

He stated that developing activities were insurance broking, marine activities, aviation, liquor distribution, and office automation and technology.

Asked about takeover rumours Sir David said Inchcape had no intention of any particular buying of its shares and he made it clear the board would resist any bid move.

comment

The final profit figure for 1983 is more or less what the market expected from Inchcape, but the performance of some of the individual businesses and the heavy tax charge and extraordinary items were unsettling enough in some areas. The new management have undertaken a major rationalisation programme which is largely completed and the group will benefit this year from considerable loss elimination. Trading has improved in some areas, particularly Hong Kong and the Far East, with signs that these levels will be at least maintained to the current year. The substantial proof of the group's growth potential being pushed the share price up further. Pre-tax profits of £68m seem attainable for 1984 which, on a possible 50 per cent extra share puts the shares on a PE of around 9.

Viking Resources Trust

An oil and gas investment trust
Year to 31 March 1984—Net asset value per share +19%.

Extracts from the Chairman's Statement in the 1984 Annual Report:

"At this stage in 1984 it is possible to discern a fundamental change in the outlook for the energy industry. The current environment and strengthening economic activity, coupled with still depressed energy related equity markets, provides a most attractive investment opportunity."

J G S GAMMELL, CHAIRMAN.



IVORY & SIME
PUBLIC LIMITED COMPANY

INVESTMENT MANAGEMENT WORLDWIDE.
ONE CHARLOTTE SQUARE • EDINBURGH EH2 4DZ • TELEPHONE 031-225 1357.

To: Ivory & Sime plc
One Charlotte Square, Edinburgh EH2 4DZ
Please send me a copy of the 1984 Annual Report for Viking Resources Trust.

Name _____
Address _____

BOUSTEAD

Boustead plc is an international trading group with activities including engineering, manufacturing, marketing and distribution, commodity broking and a range of management and specialist services. The Group's centres of operation are in the United Kingdom, Singapore and Australia, through which it has interests in other areas, including Europe, Hong Kong and the USA.

Extracts from the Chairman's Statement

- International operations had mixed fortunes
- Best features were the performance of our trading and marketing operations
- Disappointing side was our Australian subsidiary and the engineering activities in Singapore
- Increase in our net tangible assets per share
- Successful acquisitions in both the UK and Singapore
- Launch of new corporate identity, including a new Group symbol

Financial Highlights	1983	1982
Turnover	50,118	46,508
Profit before Taxation	217	452
(Loss)/Profit Attributable to Shareholders	(455)	1,072
Shareholders' Equity	15,397	13,406
Dividends Payable	0.50p	25p
Net Tangible Assets Per Share	41.5p	40.1p

A copy of the Annual Report can be obtained from the Secretary, Boustead plc, 14/15 Conduit Street, London, W1R 9TG.



Yearlings rise 1%

The interest rate for this week's issue of local authority bonds is 10 1/2 per cent, up a percentage point from last week, and compares with 10 1/2 per cent a year ago. The bonds are issued at par and are redeemable on June 15 1985.

A full list of issues will be published in tomorrow's edition.

Yearlings rise 1%

The directors say the current year has started well with oil and gas production in the U.S. growing strongly as recent acquisitions start to contribute and as new discoveries are brought on-stream. The group is confident of "another exciting year of progress" as existing resources mature and as new opportunities emerge.

The asset base of the company

U.S. oil and gas growth boosts Southwest Resources to £1.65m

COMPARED WITH £1m for the previous 15 months taxable profits of Southwest Resources, oil and gas company quoted on the USM, emerged 64 per cent higher at £1.65m for the year ended March 31 1984. Turnover moved ahead from £2.63m to £3.63m.

The directors say the results reflect the continuing growth of oil and gas production in the U.S.

There was no tax for the period (£44,000) after which earnings per 40p share are shown as 5p, compared with 3.52p previously.

The directors say the current year has started well with oil and gas production in the U.S. growing strongly as recent acquisitions start to contribute and as new discoveries are brought on-stream. The group is confident of "another exciting year of progress" as existing resources mature and as new opportunities emerge.

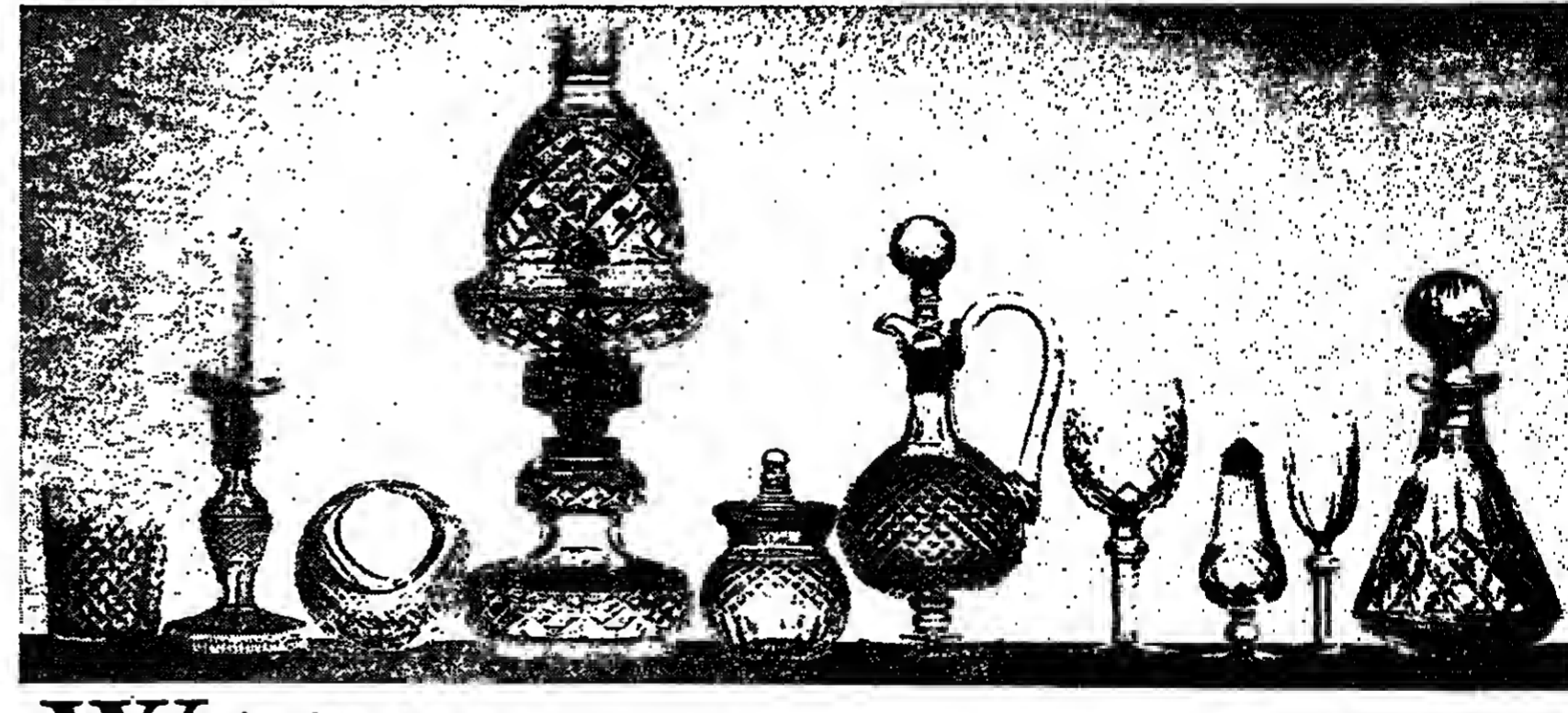
The asset base of the company

Maurice James expands to £1m and pays same

Including the Roche Service Group for both years, profits for 1983 of the Maurice James Industries group have advanced from £672,000 to £1m. Roche was acquired last August.

Mr Martin Meade, the chairman, says there was growth in all major divisions following reorganisation and digestion of acquisitions over the period. As regards the current year, he says early trading is in line with expectations. "We are currently increasing our main streams activities of industrial services, property and stock-fitting, and taking steps to realign or dispose of our small peripheral activities."

There is no tax charge (£222,000) but extraordinary debits of £990,000 (£834,000) leave the net profit at £15,000 (£66,000). The directors feel that the extraordinary items do not materially affect the basic financial strength of the company, allowing for this and coupled with their confidence in the future, they are holding the dividend at 1.25p net per share, with a final of 0.65p.



WATERFORD GLASS GROUP

PROFITS UP 20%
Buoyant sales will enhance prosperity of the Company during 1984 - Chairman, Dr. Patrick W. McGrath

Whilst the recession still continues in Ireland there is evidence of an emergence from these economic doldrums in our major markets abroad. This trading buoyancy has been helped considerably by the strengthening of the U.S. dollar and by the considerable relaxation of interest rates during the period.

The Waterford Crystal and Aynsley China Division performed extremely well in 1983, contributing over 80% to the total profit picture. The results of our marketing policies in this division, mainly in the U.S., Canada and the U.K. will continue to realise buoyant sales and ensure the enhanced prosperity and viability of the company during 1984.

Waterford Crystal Management reviewed the U.S. market and took steps necessary to maintain the quality and service for which we have become renowned. As a result of this and the reorganisation of our selling operation, we realised immediate benefits and

confidently expect very positive long-term results. The review of our main overseas distribution companies has been highly successful and indicates that the worst of the recent world recession is passing and that demand is again challenging supply.

Aynsley China. Aynsley China continues to be a very strong performer. Demand was such that Aynsley has re-opened a factory unit which had been closed by a competitor. This enabled the company to report a year of record production, sales and profits.

Switzer Group. The Switzer Group of department stores traded in a very difficult home environment which recession has plagued for so long. But it performed satisfactorily in these circumstances, yielding a net profit for the year in excess of IR£1 million.

The Smith Group. The Smith Group, which comprises car distribution and service garages throughout Ireland, suffered again from a serious decline in the overall car market. Although Renault preserved its share of the market, margins were eroded and volume sales were reduced.

Financial Highlights	1983	1982
Turnover	IR£ 212,337,000	IR£ 208,755,000
Profit before taxation	10,166,000	8,483,000
Earnings per share	4.47p	3.76p
Ordinary dividend per share (net)	1.6621p	1.511p
Total Shareholders' funds	91,273,000	85,386,000

Copies of the Report and Accounts can be obtained from The Secretary, Waterford Glass Group plc, Kilbarry, Waterford, Ireland.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

PETROLEX PLC

(Incorporated in England under the Companies Act 1948 to 1976 - Registered Number 1470619)

The Petrolex group is involved principally in the exploration for and production of oil and gas. It has a spread of UK exploration interests and a 0.25 per cent. working interest in the Forties Field.

Authorised	Share Capital	Issued and fully paid
£ 1,041,300	Ordinary shares of 5p each	£ 781,000

In connection with the placing of 2,230,000 Ordinary shares of 5p each at 68p per share by Morgan Grenfell & Co. Limited, application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued share capital of Petrolex PLC in the Unlisted Securities Market. A proportion of the shares being placed is available to the public through the market. It is emphasised that no application has been made for these securities to be admitted to listing.

Particulars relating to the Company are available in the Extel Unlisted Securities Market Service and copies of the Prospectus may be obtained during usual business hours (Saturdays and public holidays excepted) up to and including 12th June, 1984, from:-

Morgan Grenfell & Co. Limited
New Issue Department
21 Austin Friars
London EC2N 2HB

Hoare Govett Limited
Heron House
319/325 High Holborn
London WC1V 7PB

E B Savory Mills & Co
3 London Wall Buildings
London EC2M 5PU

BIDS AND DEALS

Ruling soon in Fraser board row

A RULING by the Department of Trade and Industry on Looor's moves to secure the election of 12 directors to the House of Fraser board is imminent. An announcement is expected in the next few days.

Mr Norman Tehbit, the Secretary of State, has studied possible courses of action outlined by the Office of Fair Trading, which has studied the position.

Sir Gordon Borrie, Director General of the OFT, is believed to have said that the moves by Looor to secure the election of six of its own directors to the Fraser board and six nominated outsiders might be viewed as operating against the spirit of the conclusions of the 1981 Monopolies and Mergers Commission report and subsequent undertakings by Looor.

The Secretary of State has been considering whether an order should be implemented which would block Looor's latest efforts for boardroom influence; refer the appointment of the directors to the Monopolies and Mergers Commission or the whole question of Looor's relationship with Fraser; or gain assurances from Looor that they will not seek further control in the affairs of House of Fraser.

Bahamas-based businessman Mr Jack Hayward, who owns 2m Fraser shares, revealed yesterday that he had attempted to break the deadlock between House of Fraser's board and Mr Roland "Tiny" Rowland, Looor's chief executive.

Hawley and BCA spell out investment programme

BY ALEXANDER NICOLL

Hawley Group and British Car Amelions have announced plans to form a Canadian subsidiary of Hawley into an investment company which will bid for Coleman Milne and purchase minority shareholdings in a number of other companies.

The announcement had been foreshadowed by previous statements from the chairman of the two companies, Mr Michael Ashcroft of Hawley and Mr David Wickins of BCA.

Hawley, a security, contract cleaning and home improvement group, and BCA, motor accessories, had run into criticism because their frequent purchases of stakes in companies not related to their main businesses had diverted attention from the main businesses.

Midepsa, the Canadian shell company in which Hawley took a 72.5 per cent holding last year, will acquire both UK and U.S. investments from Hawley, BCA, and Attwoods, a sand and gravel extraction company.

Midepsa will be developed as an international investment company involved mainly in British

and North American companies. Initially, Midepsa plans to: ● make a recommended offer for Coleman Milne, which covers Ford Granada cars into limousines and hearses. Hawley and BCA have a combined holding of 64.2 per cent in Coleman, which has taken a 14 per cent stake in the Lotus car group and a 27 per cent stake in the Henly's garage group. After talks with the Stock Exchange, Coleman recognised that its expansion could jeopardise its USM quotation.

The bid for Coleman, to be made by Aynsley Trust, a Hawley group licensed dealer in securities, is eight Coleman shares for five Midepsa shares, either convertible or common. There is a cash alternative of 60p for each Coleman share.

Coleman Mine shares rose 5p yesterday to 60p, valuing the company at \$9.6m. The convertible offer was estimated to be worth 67.4p and the common share offer 63.9p.

● Midepsa will buy 5.3m Cope Allman International shares from BCA and Attwoods, or

MINING NEWS

Manitoba Govt. backs potash mine venture

Canamax, the Canadian subsidiary of the U.S. mining group Ammax, and the provincial government of Manitoba have commissioned a feasibility study for a C5800m potash mine 340 km west of Winnipeg, reports Bernard Simon from Toronto.

Canamax owns reserves estimated at 440m tonnes in the area of the proposed mine.

The Manitoba deposit is believed to be richer than those found in neighbouring Saskatchewan, and located at a depth of around 1800 feet is also considerably shallower. No potash is produced in Manitoba at present.

The company is looking for partners in the project, preferably potential customers. Although financing arrangements have not been finalised, the Manitoba Government may contribute to the cost of the mine in exchange for an equity stake.

Another U.S. group, International Minerals and Chemical Corp, shelved plans for a potash mine in Manitoba two years ago following the weakening in demand for the mineral, which is used mainly in the manufacture of fertiliser.

Anglovaal Group Declaration of Dividends Mining Companies

Dividends have been declared payable in holders of ordinary shares registered in the books of the undermentioned companies at the close of business on 23 June 1984. The dividends are declared in the currency of the Republic of South Africa. Payments from Looor will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 9 July 1984, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the Companies. Warrants in payment of the dividends will be posted on or about 27 July 1984. The transfer books and registers of members of the companies will be closed from 23 June to 29 June 1984, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

Name of company	Dividend declared	Total for shareholders	Notes
Member	cents per share	£1000	
Consolidated Anglovaal Limited	50	100	1
Eastern Transvaal Consolidated Mines Limited	58	70	2
International Minerals and Chemical Mining Company Limited	57	425	2
Zandpan Gold Mining Company Limited	24	72	2

1. The declaration of a dividend will be considered at a Board Meeting to be held during the latter half of June 1984.
2. The estimated profit for the year is R15 975 000 (1983) — R16 525 000. Amount absorbed by dividends is R15 850 000 — 1983 — R16 650 000.

By order of the boards
ANGLOVAAL LIMITED
Secretaries
per E. G. D. Gordon

Registered Office
Anglovaal House
56 Main Street
2001 Johannesburg
London Secretaries
295 Regent Street
London W1R 8ST

28 May 1984

Exco takes 29.9% stake in Galloway & Pearson

BY JOHN MOORE, CITY CORRESPONDENT

Exco International, money broker and financial services group, yesterday revealed that it had abandoned plans to form its own stockbroking company and instead had decided to take a 29.9 per cent stake in the 121-year-old stockbroking firm Galloway & Pearson.

Mr Bill Matthews, Exco's managing director, said yesterday that the group had received an approach from the senior partner, Mr David Starling, of Galloway & Pearson, while awaiting approval from the Stock Exchange about its own plan to form a stockbroking firm.

Under the terms of the deal the business of Galloway & Pearson, with a staff of 57 including 12 partners, will be incorporated and carried on under the name of WFCO Galloway & Pearson with effect from July 1, 1984.

Exco International will acquire 29.9 per cent of the shares of WFCO Galloway & Pearson and take options to acquire the remaining 70.1 per cent as and when the council of the Stock Exchange relaxes its rules on outside ownership.

The approach to Exco by Galloway & Pearson was made two months ago and brings to a climax Exco's long search for a route into the British securities market. Exco has held talks with James Capel, stockbroker, and Wood Mackenzie, both of which are among the largest firms in the market.

Galloway & Pearson is one of the stockmarket's smaller firms although it has a research effort on the gilt market, the insurance sector, retailers and South African industrial stocks.

Mr Starling said yesterday that 80 per cent of the firm's business was represented by institutional and overseas business.

Exco already has a securities business based in Hong Kong following its purchase of W. L. Carr Sons and Company (Overseas), once the Far Eastern interests of Carr Sobag.

Both sides stressed that there would be a "great deal of synergy" between the two groups and Mr Starling said that one of the attractions of the deal was that there would be no redundancies.

Mr Starling said yesterday that there were no plans to buy another securities firm to complement the Galloway purchase and Mr Starling indicated that a large amount of the current consideration for the stake would be taken out by the partners "and a certain amount kept in which will slightly increase the firm's capitalisation."

Nationwide Leisure

The directors of Nationwide Leisure have authorised the allotment to the vendors of Nelson Leisure Group of 4,500,000 ordinary shares of 5p each credited as fully paid, ranking pari passu with the existing issued shares of the company in settlement of a further consideration of £900,000 payable to them under the terms of the agreement for the acquisition of Nelson.

An application has been made to the Council of the Stock Exchange for permission for the shares to be dealt in on the USM.

SHARE STAKES

Freemans—Mr R. S. Chapman has reduced his non-beneficial interest in the ordinary shares by 124,706.

Bisichi Tia—Jantar has purchased 50,000 Bisichi ordinary shares and now owns 1,429,500 (22.64 per cent).

Russell Brothers (Paddington)—W. Johnston, managing director, has purchased 30,000 ordinary shares at 65p.

Regentrest—A. Prestwood, has purchased 800,000 shares and joined the board.

Be Vere Hotels and Restaurants—L. Jackson has sold 30,000 ordinary shares.

Baillie Gifford Technology—A. G. Millar, a director, has acquired 30,000 ordinary shares at 100p.

Warner Estate Holdings—The company has purchased a total of 50,000 ordinary shares (35,000 at 49p and 15,000 at 100p).

Fulcrum Investment Trust—C. McNair has purchased 100,000 capital shares at 31p and now holds 1,000,000 shares.

Commonwealth—J. W. Common, a director, has transferred from his beneficial interest 55,000 shares into the name of D. P. Worley, D. T. S. Butler and J. W. Common. Two thousand five hundred shares of the trust's holding were later sold at 144p.

G. A. Common, a director, has sold 5,000 shares at 145p and 5,000 shares at 177p.

Norex Corporation of Bermuda has sold 75,000 shares and now holds 3,235,226 (53.55 per cent).

John C. Small & Thomas—The trustees, J. M. Folman and P. H. Mellors, have disposed of 5,800 shares. The trustee holding now stands at 124,200 shares (11.15 per cent). The interest of J. M. Folman, a director, is now 47,756 beneficial shares (3.98 per cent) and 333,130 non-beneficial shares (127.76 per cent).

SA gold dividends

The June or more precisely nearly June, dividend season of payments from the South African gold mines has kicked off with an encouraging and better than expected total dividend of 425 cents (240p) from the Anglovaal group's Hartheebest. This makes a total of 725 cents for the year and compares with the 460 cents final paid last year.

Eastern Transvaal Consolidated is paying a final dividend of 70 cents, well above recent market estimates. The total for the year, 90 cents, compares with 85 cents paid last year.

Zandpan, which derives its income from dividends accruing from its holding in Hartheebest, has declared a final dividend of 72 cents, bringing the year's total up to 122 cents, against the 128 cents paid last year.

The group's antimony/gold producer Consolidated Murchison will consider the dividend payment at a board meeting to be held during the latter half of June.

Village Main Reef Gold Mining declared a final dividend of 5 cents, while Prieska Copper Mines, 51 per cent owned by Anglovaal and 47 per cent by U.S. Steel, is paying a final dividend of 15 cents, a year's total of 25 cents.

MINING NEWS IN BRIEF

The directors of Transvaal Consolidated Land and Exploration (TCL) and Witbank Colliery have reached agreement in principle in the development and operation of two collieries by way of a joint venture.

Khutala colliery and Majuba colliery are being established for the purpose of supplying coal to two new power stations.

A wholly-owned subsidiary of TCL, TCE, has acquired a 99 per cent stake in the R175m project while the remaining 70 per cent will be taken up by a wholly-owned subsidiary of Witbank.

BASE LENDING RATES

A.B.N. Bank	9 1/2%	Hill Samuel	9 1/2%
Allied Irish Bank	9 1/2%	C. Hoare & Co.	9 1/2%
Amro Bank	9 1/2%	Hongkong & Shanghai	9 1/2%
Barclays Bank	9 1/2%	Kingsnorth Trust Ltd	10%
Bank of Australia	9 1/2%	Knowles & Co. Ltd.	9 1/2%
Bank of Canada	9 1/2%	Lloyds Bank	9 1/2%
Bank of China	9 1/2%	Mallinhal Limited	9 1/2%
Bank of India	9 1/2%	Edward Mansoo & Co.	10 1/2%
Bank of Ireland	9 1/2%	Meghraj and Sons Ltd.	9 1/2%
Bank of Japan	9 1/2%	Midland Bank	9 1/2%
Bank of Korea	9 1/2%	National Bank	9 1/2%
Bank of London	9 1/2%	National City Bank	9 1/2%
Bank of Mauritius	9 1/2%	National Biscuits of Kuwait	9 1/2%
Bank of New Zealand	9 1/2%	National Girobank	9 1/2%
Bank of Oman	9 1/2%	National Westminster	9 1/2%
Bank of Persia	9 1/2%	Norwich Gen. Tr.	9 1/2%
Bank of Portugal	9 1/2%	People's Tr. & Sav. Ltd.	10%
Bank of Romania	9 1/2%	R. Raphael & Sooa	9 1/2%
Bank of Russia	9 1/2%	P. S. Refsoo & Co.	9 1/2%
Bank of Singapore	9 1/2%	Roxburgh Guarantee	9 1/2%
Bank of Spain	9 1/2%	Royal Trust Co. Canada	9 1/2%
Bank of Siam	9 1/2%	Standard Chartered	9 1/2%
Bank of Swaziland	9 1/2%	Trade Dev. Bank	9 1/2%
Bank of Tanganyika	9 1/2%	Trustee Savings Bank	9 1/2%
Bank of Thailand	9 1/2%	United Bank of Kuwait	9 1/2%
Bank of Tonga	9 1/2%	United Mirrabai Bank	9 1/2%
Bank of Trinidad	9 1/2%	Valpakas Limited	9 1/2%
Bank of Zambia	9 1/2%	Westpac Banking Corp	9 1/2%
Bank of Zimbabwe	9 1/2%	Whiteaway Laidlaw	9 1/2%
Bank of the West Indies	9 1/2%	Williams & Glyn's	9 1/2%
Bank of the West Indies	9 1/2%	Wintrest Secs. Ltd.	9 1/2%
Bank of the West Indies	9 1/2%	Yorkshire Bank	9 1/2%
Bank of the West Indies	9 1/2%	Member of the Accepting Houses Committee:	
Bank of the West Indies	9 1/2%	7-day deposits 5.75% 1 month 6.50% Fixed rate 12 months £2,000 8.5% £10,000 12 months 9%	
Bank of the West Indies	9 1/2%	7-day deposits on sums of under £10,000 5% £10,000 up to £50,000 6% £50,000 and over 7%	
Bank of the West Indies	9 1/2%	Call deposits £1,000 and over 5% 21-day deposits over £1,000 7% Demand deposits 5 1/2%	
Bank of the West Indies	9 1/2%	Mergers fees etc.	

NOTICE OF REDEMPTION To Holders of U.S. \$100,000,000 GMAC Overseas Finance Corporation, N.V. 14 1/2% Notes Due July 1, 1987

Notice is hereby given that pursuant to paragraphs 8 and 9 of the Notes and Section 4(c) of the Fiscal and Paying Agency Agreement dated as of July 1, 1981, between GMAC Overseas Finance Corporation, N.V. (the Company) and Chemical Bank, Fiscal and Paying Agent, the Company hereby gives notice of its election to redeem all of its 14 1/2% Notes due July 1, 1987. The date fixed for redemption shall be July 1, 1984 and the Notes will be redeemed at the price of 100 1/2% of the principal amount thereof together with accrued interest to the date fixed for redemption. After July 1, 1984 the Notes will cease to accrue interest. The Notes will be redeemed upon presentation and surrender together with all appurtenant coupons, if any, maturing on and after the date fixed for redemption at the principal offices of the Fiscal Agent, Chemical Bank, 55 Water Street, Corporate Trust Department in New York City or at the principal offices of Chemical Bank, London, Paris, Frankfurt, Am Main, Zurich and the principal offices of Banque Generale du Luxembourg S.A. in Luxembourg and Banque Bruxelles Lambert S.A. in Brussels, Belgium.

Chemical Bank, Fiscal and Paying Agent on behalf of GMAC Overseas Finance Corporation, N.V.

Dated: May 30, 1984

Gencor General Mining Union Corporation Limited

RESULTS OF RIGHTS OFFER

It is announced that shareholders and/or their nominees had applied for 1,098,141 8.5% variable compulsorily convertible cumulative preference shares and 13,746,980 12.5% unsecured subordinated compulsorily convertible debentures (collectively referred to as "the instruments") at 2,700 cents each when the rights offer of 15,200,000 instruments closed at 14:30 on 18 May 1984. Applications represented 97.7% of shareholders' entitlement. The remaining 355,769 instruments (2.3%) will be taken up by the underwriter. Certificates will be posted by 6 June 1984.

Senbank CENTRAL MERCHANT BANK LIMITED (Registered Merchant Bank) Johannesburg, 29 May 1984

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Over-the-Counter Market

1983-84 High/Low	Company	Price	Change	Gross Yield (%)	Fully Paid
142-120	Ass. Int. Ord.	133	—	6.4	10.2
158-117	Ass. Int. Ord.	144	—	10.0	6.8
78-51	Avon Group	61	—	5.1	10.0
38-31	Armistice & Rhodes	34	—	—	—
330-141	Barclay's	328	—	7.2	13.2
56-52	Bovis Lend Lease	53	—	5.5	6.8
201-197	CCL Ordinary	200	—	5.0	2.5
151-121	CCL 7 1/2% Conv. Pref.	150	—	15.7	10.5
640-100	Centurion Overseas	620	—	9.0	1.1
245-100	Enbridge Services	103	—	6.6	3.1
53-53	Debenhams	56	—	—	—
234-75	Frank Horell	202	—	—	—
203-75	Frank Horell Pr. Div.	202	—	8.7	4.3
68-28	Fredrick Parker	28	—	4.3	14.8
39-32	Genstar	36	—	—	—
80-46	Ind. Precision Castings	50	—	7.3	14.6
2185-2150	Isis Ord.	2185	—	150.0	6.9
365-134	Isis Conv. Pref.	365	—	17.1	4.7
124-51	Jackson Group	119	+	4.5	3.8
260-169	James Burgess	250	—	11.4	4.5
425-275	Minshaw Holding NV	424	—	4.2	1.0
178-97	Robert Jenkins	97	—	20.0	20.5
44-38	Suitings - A	35	—	5.7	10.5
120-51	Tetray & Carlisle	74	—	—	—
44-38	Tetray Holdings	45	—	8.7	8.5
26-17	Uniback Holdings	18	—	1.0	5.5
92-65	Walter Alexander	85	—	5.8	8.0
276-236	W. S. Yeates	245	—	17.1	7.0

Encouraging signs in Centenary Year
Sound record - Strong liquidity - Substantial dividend cover

Turnover £000,000: 1981 (473), 1982 (445), 1983 (535)

Pre-Tax Profit £000: 1981 (1586), 1982 (2509), 1983 (2923)

Dividends £000: 1981 (493), 1982 (592), 1983 (651)

For the Annual Report please apply to:
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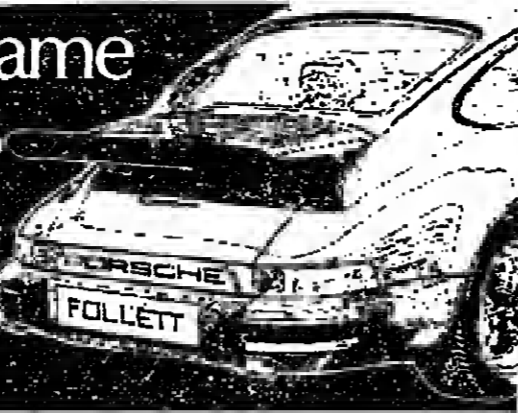
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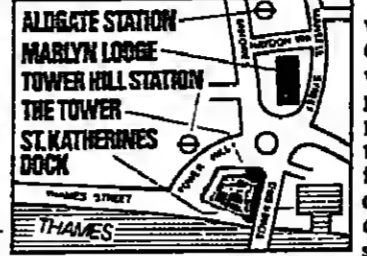
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Company Notices

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5% Bonds of 1965 Date 1983 U.S.\$12,000,000

14th Drawing by of May 11, 1984

The holders of the above mentioned bonds are hereby informed that this year's redemption instalment of U.S.\$1,000,000

PROVINCE DE QUEBEC

LOAN FF 125,000,000 7% 1972-1987

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INDIAN RESTAURANT

Company Notices

OESTERREICHISCHE ALPINE MONTANGESellschaft

PROVINCE DE QUEBEC

EUROPIA

CLUBS

EUROPIA

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of American stock exchange closing prices, organized in columns by stock symbol and price. Includes a handwritten note at the top center.

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized in columns by stock symbol and price. Includes a 'Continued from Page 28' note on the left side.

Notes and footnotes regarding the data, including 'Sales figures are unofficial' and 'a dividend also exists'.

WORLD VALUE OF THE DOLLAR every Friday in the Financial Times

WORLD STOCK MARKETS

AUSTRIA table with columns: May 29, Price, +/- or, %

GERMANY table with columns: May 29, Price, +/- or, %

NORWAY table with columns: May 29, Price, +/- or, %

AUSTRALIA (continued) table with columns: May 29, Price, +/- or, %

JAPAN (continued) table with columns: May 29, Price, +/- or, %

OVER-THE-COUNTER Nasdaq notional market, 2.30pm prices

LONDON Chief price changes (In pence unless otherwise indicated)

BELGIUM/LUXEMBOURG table with columns: May 29, Price, +/- or, %

SPAIN table with columns: May 29, Price, +/- or, %

SWEDEN table with columns: May 29, Price, +/- or, %

HONG KONG table with columns: May 29, Price, +/- or, %

JAPAN table with columns: May 29, Price, +/- or, %

OVER-THE-COUNTER table with columns: Stock, Price, +/- or, %

LONDON Chief price changes (continued)

DENMARK table with columns: May 29, Price, +/- or, %

ITALY table with columns: May 29, Price, +/- or, %

NETHERLANDS table with columns: May 29, Price, +/- or, %

SWITZERLAND table with columns: May 29, Price, +/- or, %

JAPAN table with columns: May 29, Price, +/- or, %

OVER-THE-COUNTER table with columns: Stock, Price, +/- or, %

LONDON Chief price changes (continued)

FRANCE table with columns: May 29, Price, +/- or, %

NETHERLANDS table with columns: May 29, Price, +/- or, %

NETHERLANDS table with columns: May 29, Price, +/- or, %

AUSTRALIA table with columns: May 29, Price, +/- or, %

JAPAN table with columns: May 29, Price, +/- or, %

OVER-THE-COUNTER table with columns: Stock, Price, +/- or, %

LONDON Chief price changes (continued)

CANADA table with columns: Sales, Stock, High, Low, Close, Div, %

CANADA table with columns: Sales, Stock, High, Low, Close, Div, %

CANADA table with columns: Sales, Stock, High, Low, Close, Div, %

CANADA table with columns: Sales, Stock, High, Low, Close, Div, %

CANADA table with columns: Sales, Stock, High, Low, Close, Div, %

OVER-THE-COUNTER table with columns: Stock, Price, +/- or, %

LONDON Chief price changes (continued)

AMERICAN STOCK PRICES

Large table of American stock prices with columns: High, Low, Stock, Div, %

NEW YORK DOW JONES Indices

Table of Dow Jones indices with columns: Index, May 29, May 28, May 27, May 26, May 25, 1984, %

Handwritten text at the bottom of the page

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INDUSTRIALS—Continued

Table of stock prices for various industrial companies, including columns for High, Low, Stock, Price, and % Change.

LEISURE—Continued

Table of stock prices for various leisure and entertainment companies.

PROPERTY—Continued

Table of stock prices for various real estate and property companies.

INVESTMENT TRUSTS—Cont.

Table of stock prices for various investment trusts.

OIL AND GAS—Continued

Table of stock prices for various oil and gas companies.

Advertisement for International Financial DAIWA SECURITIES.

MINES—Continued

Table of stock prices for various mining companies, including sub-sections for Australians, Tin, and Miscellaneous.

INSURANCES

Table of stock prices for various insurance companies.

PROPERTY

Table of stock prices for various property companies.

PROPERTY

Table of stock prices for various property companies.

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Table of stock prices for various property companies.

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Table of stock prices for various property companies.

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Table of stock prices for various property companies.

LEISURE

Table of stock prices for various leisure companies.

PROPERTY

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Table of stock prices for various property companies.

PROPERTY

Table of stock prices for various property companies.

Regional & Irish Stocks, Options - 3-month call rates, and other market information.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst. Mgrs., Abbey Unit Trst. Mgrs. (a), Abbey Unit Trst. Mgrs. (b), etc., with columns for name, manager, and other details.

Table listing unit trusts under the heading 'Crown Unit Trust Services Ltd.', including Crown Life, Crown Life, Crown Life, etc., with columns for name, manager, and other details.

Table listing unit trusts under the heading 'Legal & General Unit Trst. Mgrs. Ltd.', including Legal & General, Legal & General, Legal & General, etc., with columns for name, manager, and other details.

Table listing unit trusts under the heading 'Windsor Bank Group Unit Trst. Mgrs. Ltd.', including Windsor Bank, Windsor Bank, Windsor Bank, etc., with columns for name, manager, and other details.

INSURANCES

Table listing insurance companies and their products, including Abbey Life Assurance Co Ltd, Abbey Life Assurance Co Ltd, etc., with columns for name, address, and other details.

INSURANCES - continued

Table listing insurance companies and their products, including Friends' Provident Life Office, Friends' Provident Life Office, etc., with columns for name, address, and other details.

INSURANCES - continued

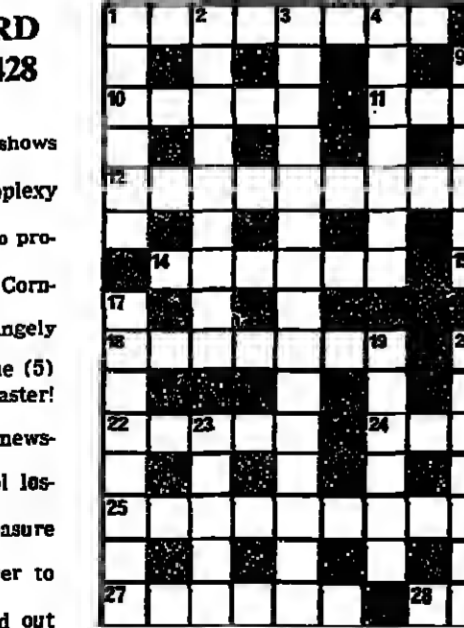
Table listing insurance companies and their products, including St George Assurance Co Ltd, St George Assurance Co Ltd, etc., with columns for name, address, and other details.

INSURANCES - continued

Table listing insurance companies and their products, including Commodity Advisory Svcs (Int'l) Ltd, Commodity Advisory Svcs (Int'l) Ltd, etc., with columns for name, address, and other details.

F.T. CROSSWORD PUZZLE No. 5,428

CROSSWORD PUZZLE No. 5,428. ACROSS: 1 River attempt shows diligence (8); 5 Crew member gets apoplexy (8); 10 Person having energy to produce fruit (5); 11 Tom's favourite spot in Cornwall (9); 12 Once hit, go strangely mythological (8); 13 Public deliveries to time (5); 14 Minute officer some disaster! (8); 15 Assembly bid a lot for newspaper (7); 18 Says and takes control leasing leader (7); 20 Corrects printer's measure and finishes (6); 22 Doctor the short answer to complaints (5); 24 Flexible home tiles laid out (8); 25 Sailor not involved with work on clippers? (9); 26 Drispstone Bella concocted (5); 27 Half 19 with commercials for food (8); 28 Lachrymose outcome despite rent reduction (4-4).



DOWN: 6 Congress's deceiver (3, 6, 6); 7 Short weight one wouldn't mind at the seaside (5); 8 Time of day for the flat season (8); 9 Melodious piece for two entertains fifty to a hundred (6); 16 Not even City dealer is useful at home (3-6); 17 Unusual pasture right may be for highest order (8); 19 Sage little girl goes on through (6); 20 Is she in Paris this female? (7); 21 Loose skin owing we hear to

Solution to Puzzle No. 5,427. A grid of letters corresponding to the solution of the previous puzzle.

Handwritten signature or mark at the bottom of the page.

INSURANCE & OVERSEAS MANAGED FUNDS

Handwritten Arabic text at the top of the page.

Table of insurance and managed funds, including sections for G.Y. Management Ltd, Black Horse Life Ass. Co. Ltd, British National Life Assurance Co. Ltd, and various other fund listings.

Table of insurance and managed funds, including sections for Lloyds Life Assurance, Property Growth Assur. Co. Ltd, Standard Life Assurance Company, and various other fund listings.

Table of insurance and managed funds, including sections for Bank of America International S.A., Barclays Unicorp International, Sun Life of Canada (UK) Ltd, and various other fund listings.

Table of insurance and managed funds, including sections for Hambro Pacific Fund Mgmt. Ltd, Richmond Life Ass. Ltd, and various other fund listings.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including sections for A.B. Securities (C.I.) Ltd, Guinness Mahon Ltd, and various other fund listings.

NOTES section at the bottom right of the page.

COMMODITIES AND AGRICULTURE

FAO issues warning on Africa's food needs

FOOD NEEDS in Africa are increasing too fast for the continent's farm sector to keep pace, Mr Edouard Saouma, director-general of the United Nations Food and Agriculture Organisation, said in Rome.

He said the crisis in Africa underlined the problem that international food aid arrangements include no provision for dealing with extreme shortages.

The international emergency food reserve should be increased from its present target of 2m tonnes, he told the Committee on Food Aid Policies and Programmes.

Mr Saouma said the African problem was transitional. "An extremely difficult period may be expected until population, food production and other economic and social factors find a new balance."

Weaknesses in the continent's infrastructure, marketing and processing however would limit the extent to which demand could be met from the rural hinterland.

Most nations south of the Sahara, which relied on exports of agricultural commodities into sluggish world markets, were likely to face virtually insoluble problems if left to find food for their cities, he said.

He said world food security was not in immediate danger but was vulnerable to any widespread production setback which could have a big impact on cereal prices.

Food security could also be damaged by new difficulties in the world economy. These would weaken the export earnings of low income, food-deficit countries and make them less able to finance necessary imports of basic food supplies.

London coffee prices tumble

BY JOHN EDWARDS, COMMODITIES EDITOR

COFFEE PRICES tumbled on the London robusta futures market yesterday following a wave of trade and speculative selling. The July position plummeted by £12.5 to close at £2,329 a tonne.

Traders said the steep fall was mainly technical in that it followed a period when the market was rising by leaps and bounds, reaching the highest level since the all-time peaks in 1977.

Heavy speculative buying in the past few weeks in particular left the market extremely vulnerable to profit-taking sales once the upward momentum was no longer maintained.

At the same time it is understood the producing countries have become increasingly worried by the runaway rise in prices coming much faster than expected and threatening to push the market above the point where the export quotas under the International Coffee Agreement are suspended, removing all restrictions on supplies.

Over the weekend Octavio Rainho, president of the Brazilian Coffee Institute, was quoted as saying that Brazil was prepared to take part in a reasonable scheme to cool off prices.

Latin American producing countries are apparently planning to propose measures to guarantee sufficient coffee supplies to consumers at the next meeting of the International Coffee Organisation's executive board next week.

Colombia had already proposed, at the last ICO meeting, that quotas be adjusted to improve the supply situation. It is believed to have started selling heavily in New York on Friday in an effort to damp down the market, and was supported by other trade interests.

Once the downturn was started it quickly triggered speculative stop-loss points, rapidly accelerating the decline.

The fall, however, was in line with market expectations. It has little impact on prices.

Aluminium stocks were down, too, by 1,150 tonnes to 147,575 tonnes. Lead fell by 2,025 tonnes to 88,250 tonnes; nickel by 1,003 tonnes to 27,618 tonnes; and tin by 215 tonnes to 27,415 tonnes.

Zinc stocks, however, rose by 1,475 tonnes to 54,450 tonnes, resulting in a sharp dip in the cash price. Last week this reached the highest level for 10 years.

Cash zinc closed £40 lower at £749.5 a tonne while the three months quotation lost a modest £4.25 to £889.25. It appears the acute squeeze an immediately available supplies that drove the cash price, such a premium has apparently eased somewhat.

LME silver holdings rose as well, increasing by 578,000 ounces to 48,616,000 ounces. The markets were generally nervous, awaiting fresh developments in the Iran-Iraq conflict while worrying about the likely impact on demand of the strike by metalworkers in West Germany.

A special committee will be convened to devise a means for reducing demand for the supply and demand. It will also look into the general management of the market, along with quality-control and evaluation measures.

Poul Dalsager, the Agriculture Commissioner, declined, however, to back a French demand for a further distillation of 5m hectolitres on the grounds that the figures on the state of the market remained totally unreliable.

According to current figures, stocks are so low in two member states that national demand cannot be met. Yet it is clear from the market that there is vast overcapacity.

The European Commission proposed adjustments in cereals import quotas and levies to make it possible to pre-empt these rates in the transition period.

EEC acts to ensure accurate wine data

By Ivo Downay in Brussels

FOREIGN MINISTERS of the European Economic Community acted yesterday to ensure that future projections for wine production are accurate. This month it was revealed that underestimations will leave the Community with more than 1,400 litres above the expected 1,800-litre surplus.

This disclosure drew protests from French producers. They claimed Italian growers deliberately underestimated production to take advantage of a special 82 per cent distillation subsidy, paid when surpluses exceed projections.

Current arrangements mean the Common Agricultural Policy's wine budget allocation is heading for an Ecu 1.5bn overspend this year.

Under the European Commission's proposals, endorsed by foreign ministers in France yesterday, more stringent projections will be enforced.

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Cocoa talks end hopefully

THE DECISION on Friday to adjourn the negotiations in Geneva seeking a new International Cocoa Agreement does not mean the talks have ended in failure. Few expected a final decision to be reached and some valuable progress was made towards achieving a new pact.

It was decided that a special meeting of the International Cocoa Council should be held in London on July 16 to extend the existing pact, due to expire at the end of September, and to give more time for another round of negotiations to be resumed in Geneva in October.

Mr Mario Aleman, of Ecuador, president of the conference, said it had achieved considerable success. He said the political will supporting a new agreement had been reaffirmed and would have to be expressed in concrete terms in October.

It was noted that the European Economic Community had finally reached a common stand on its negotiating position. It had put forward new proposals on how to regulate the market, which have yet to be fully discussed, but had broadly agreed to continue using the buffer stock mechanism employed in the existing pact.

At the same time the Ivory Coast, the world's biggest producer and not a member of the existing agreement, is apparently convinced a new pact can be reached which it will be prepared to join.

At a press conference Mr Aleman said there had been a broad consensus on the need to retain the buffer stock as the main line of defence for the price level. There were, however, divergent views on other measures that should be used.

Export quotas had been favoured by some and on May 24 the EEC had come forward with a formal proposal, including a system of withdrawal of cocoa from the market. This system broadly would have involved producers rather than consumers.

At the final session Mr Kwesi Botchwey, Ghana's Secretary for Finance and Economic Planning, speaking for the producers, said progress at this session had been very modest.

Indeed, his group expressed "deepest regret and disappointment" that contrary to the group's expectations it had not been possible to conclude an agreement.

He said: "Whilst we, the producers, have arrived at definite positions on all the major issues... our partners, in particular the EEC, regrettably have failed to present a common position which would have made it possible for us to move forward."

This is not entirely fair, in reality, in the end, no participant expected this conference to produce a new agreement. Cocoa prices reached the highest level for 5 years on the London futures market yesterday, briefly in the morning, but then tumbled to close lower on the day.

The peak position touched a high of £2,115 before sinking back to £2,085 a tonne, £21 down on Friday's close. Lack of follow-through buying interest at the higher levels triggered off speculative profit-taking sales.

Causing mould on the beans: Constant bean humidity level of 7.5 per cent—less would make beans brittle while more would cause mould in the humid tropics air humidity of about 90 per cent has to be cut to 7.5 per cent.

Less than 2 per cent oxygen level in the atmosphere—this helps to control insects, parasites and CGS as killed.

Jean Abie-Galvested \$8.75m (£6.1m) in a 33,000-tonne storage complex in Abidjan's Vridi industrial zone.

Wool freight rates cut by 20%

MR DAVID ASINUS, chairman of the Australian Wool Corporation, said the Australian wool industry had negotiated a 20 per cent cut in wool-freight rates to the UK and the rest of Europe for the freight year beginning September 1.

The agreement provides for a base rate of US\$ 1,319 per full container-load for both greasy or scoured wool, with a loyalty rebate of \$131 per container.

Mr Asinus said the results achieved at the talks reflected intense competition in world shipping markets.

The conference made clear its desire to retain its leading role in wool carriage from Australia to Europe and supported this desire with a most attractive freight package.

URANIUM: FRECHNEY, a subsidiary of the French-led uranium company, has developed a new process for treating ores with a high clay content or with forms of dispersed salts which have until now prevented economic recovery of uranium, the group said in Paris.

The Singapore International Monetary Exchange (SIMEX) and the Chicago Mercantile Exchange (CME) have agreed in principle to launch a joint venture to trade in London a delivery point. Details should be completed by the end of June.

RICE: Output by Argentina in the 1983-84 crop-year was estimated at a record 476,000 tonnes, paddy basis, against 277,000 tonnes last season, and a new record of 476,000 tonnes in 1981-82, the Agriculture Secretariat said.

HUNGARY: Europe's second-largest producer of alumina after France, is on target for producing its planned 3m tonnes this year, Hungarian Aluminium Corporation (Hungalut) said.

NEW YORK, May 29. Precious Metals world over the lack of fresh news from the Persian Gulf and oil prices, the dollar and currencies, reports from London, Mexico and the Arab world, and arbitrage support, Aluminium prices helped to push the market higher.

Physicals—The London market opened slightly easier, attracted very little interest throughout the day and closed on an idle note, reports Lewis and Peat. Closing prices (buyers): Copper 200.50 (same); Tin 72.50 (same); The Kuala Lumpur June tin price for R55 No 1 was 222.5 (222.0) and for SMR 20 was 212.0 (212.5).

FUTURES—Cocoa (buyer, seller, business): R55 No 1 1.00 per tonne; R55 No 2 1.00 per tonne; R55 No 3 1.00 per tonne; R55 No 4 1.00 per tonne; R55 No 5 1.00 per tonne; R55 No 6 1.00 per tonne; R55 No 7 1.00 per tonne; R55 No 8 1.00 per tonne; R55 No 9 1.00 per tonne; R55 No 10 1.00 per tonne; R55 No 11 1.00 per tonne; R55 No 12 1.00 per tonne; R55 No 13 1.00 per tonne; R55 No 14 1.00 per tonne; R55 No 15 1.00 per tonne; R55 No 16 1.00 per tonne; R55 No 17 1.00 per tonne; R55 No 18 1.00 per tonne; R55 No 19 1.00 per tonne; R55 No 20 1.00 per tonne; R55 No 21 1.00 per tonne; R55 No 22 1.00 per tonne; R55 No 23 1.00 per tonne; R55 No 24 1.00 per tonne; R55 No 25 1.00 per tonne; R55 No 26 1.00 per tonne; R55 No 27 1.00 per tonne; R55 No 28 1.00 per tonne; R55 No 29 1.00 per tonne; R55 No 30 1.00 per tonne; R55 No 31 1.00 per tonne; R55 No 32 1.00 per tonne; R55 No 33 1.00 per tonne; R55 No 34 1.00 per tonne; R55 No 35 1.00 per tonne; R55 No 36 1.00 per tonne; R55 No 37 1.00 per tonne; R55 No 38 1.00 per tonne; 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CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling improve

The dollar finished slightly firmer overall at the end of uneventful European trading. The foreign exchanges opened very quietly after the holiday weekend in Britain and the U.S., and ahead of the Ascension Day holidays in parts of Europe...

against the dollar in 1984 is 1.4940 to 1.3950. April average 1.4295. Trade-weighted index 79.6, against 79.5 at noon and the opening, 79.4 at Friday's close, and 83.1 six months ago.

STERLING—Trading range against the dollar in 1984 is 2.6435. Trade-weighted index 125.5, against 124.7 six months ago.

rose to DM 3.7850 from DM 3.7770 at the fixing, and the French franc to DM 32.510 per 100 francs from DM 32.505. The Swiss franc fell to DM 1.2124 from DM 1.2125.

JAPANESE YEN—Trading range against the dollar in 1984 is 234.80 to 234.10. April average 225.13. Trade-weighted index 157.8, against 154.5 six months ago.

against the dollar, after fluctuating around in end of month commercial trading. The dollar improved to ¥231.90 from ¥231.80, with many traders maintaining out of the market, waiting for New York to reopen after the long holiday weekend.

Short sterling deposits for September opened and closed at 88.35, near the days low of 88.34, and little changed from the previous day of 88.36. There was an early rally on short covering and lower London money market interest rates.

FINANCIAL FUTURES

Quieter trading

Trading was fairly quiet on the London International Financial Futures Exchange yesterday. Eurodollars for September delivery opened lower at 86.95, but then moved higher until the opening of U.S. markets, influenced by lower yields in the cash market.

Short sterling deposits for September opened and closed at 88.35, near the days low of 88.34, and little changed from the previous day of 88.36. There was an early rally on short covering and lower London money market interest rates.

The increased confidence that an early rise in clearing bank base rates may be prevented, and took the September price up to a peak of 89.50, before the contract succumbed to similar factors to the Eurodollar market.

The stock index ended at the day's low, but showed Friday's settlement, reflecting disappointment at the trade figures and early declines on Wall Street.

THE POUND SPOT AND FORWARD

Table with columns: Day's Spot, Close, One month, % Three months, % p.a. Includes entries for UK, Canada, Ireland, Denmark, Portugal, Spain, Norway, France, Sweden, Japan, Australia, New Zealand, South Africa, U.A.E., Oman.

THE DOLLAR SPOT AND FORWARD

Table with columns: Day's Spot, Close, One month, % Three months, % p.a. Includes entries for UK, Canada, Ireland, Denmark, Portugal, Spain, Norway, France, Sweden, Japan, Australia, New Zealand, South Africa, U.A.E., Oman.

OTHER CURRENCIES

Table with columns: May 28, £, \$, Note Rates. Includes entries for Argentina, Australia, Brazil, Canada, Denmark, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Malaysia, New Zealand, Norway, Saudi Arabia, Singapore, South Africa, Taiwan, U.A.E., Oman, Yugoslavia.

CURRENCY MOVEMENTS

Table with columns: May 28, Bank of England, Morgan Guaranty, Index, % Change. Includes entries for Sterling, U.S. dollar, Canadian dollar, Australian dollar, New Zealand dollar, Japanese yen, Swiss franc, French franc, Italian lira, Dutch guilder, West German mark, Spanish peseta, Portuguese escudo, Norwegian krone, Danish krone, Swedish krona, Greek drachma, Irish pound, Hong Kong dollar, Singapore dollar, South African rand, New Zealand dollar, Australian dollar, U.A.E. dirham, Omani riyal, Yugoslav dinar.

CURRENCY RATES

Table with columns: May 28, Bank of England, Morgan Guaranty, Index, % Change. Includes entries for Sterling, U.S. dollar, Canadian dollar, Australian dollar, New Zealand dollar, Japanese yen, Swiss franc, French franc, Italian lira, Dutch guilder, West German mark, Spanish peseta, Portuguese escudo, Norwegian krone, Danish krone, Swedish krona, Greek drachma, Irish pound, Hong Kong dollar, Singapore dollar, South African rand, New Zealand dollar, Australian dollar, U.A.E. dirham, Omani riyal, Yugoslav dinar.

EXCHANGE CROSS RATES

Table with columns: May 28, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc, Hong Kong Dollar, Singapore Dollar, South African Rand, New Zealand Dollar, Australian Dollar, U.A.E. Dirham, Omani Riyal, Yugoslav Dinar.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table with columns: May 28, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-Mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Krone. Includes entries for Short term, 3 days notice, 1 month, 3 months, 6 months, 12 months.

MONEY MARKETS

London rates easier

Interest rates had a slightly easier tone on the London money market yesterday as doubts continued that the Federal Reserve will push up U.S. interest rates in the wake of liquidity problems within the banking system.

a flat day in the money market, with major factors roughly in balance. Bills maturing in official hands, repayment of rate assistance, and a take-up of Treasury bills from Friday's tender drained \$370m, while bank balances below target absorbed another \$25m. These were offset by Equicor transactions adding \$185m to liquidity, and a fall in the note circulation after the weekend of £220m.

MONEY RATES

Table with columns: May 28, Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, Dublin. Includes entries for Overnight, 1 month, 3 months, 6 months, 12 months, Lombard, Intervention.

LONDON MONEY RATES

Table with columns: May 28, Sterling, Certificate of deposit, Local Authority deposits, Finance House deposits, Company Deposits, Market Deposits, Treasury Deposits, Treasury Bills, Eligible Bank Deposits, Eligible Bank Bills, Fine Print Bills.

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table with columns: May 28, Sterling, Certificate of deposit, Local Authority deposits, Finance House deposits, Company Deposits, Market Deposits, Treasury Deposits, Treasury Bills, Eligible Bank Deposits, Eligible Bank Bills, Fine Print Bills.

FT LONDON INTERBANK FIXING

Table with columns: LONDON INTERBANK FIXING, 11.00 a.m. May 30, 3 months U.S. dollars, bid 11 1/16, offer 11 15/16, 12 months U.S. dollars, bid 9 3/4, offer 9 13/16.

MONEY RATES

Table with columns: Local Authority Deposits, Finance House Deposits, Company Deposits, Market Deposits, Treasury Deposits, Treasury Bills, Eligible Bank Deposits, Eligible Bank Bills, Fine Print Bills.

NEW YORK (Lundthyme)

Table with columns: Name rate, Bank loan rate, Fed funds at intervention, Treasury Bills, One month, Three month, Six month, One year, Treasury Bonds, Two year, Three year, Five year, Seven year, 30 year.

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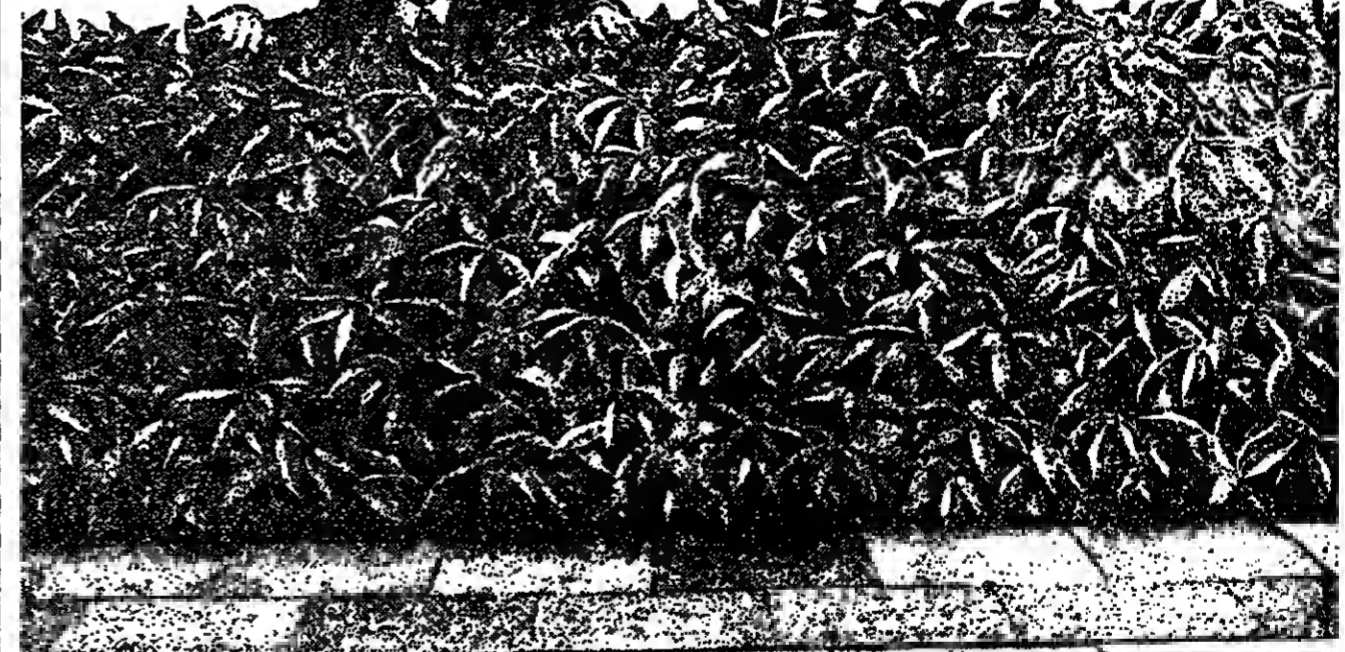
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FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May

Table of international bond issues with columns for country, issue name, amount, bid, offer, and yield.

Table of international bond issues with columns for country, issue name, amount, bid, offer, and yield.

CAPITAL MARKETS Eurobonds enlivened by D-Mark sector

BY MARY ANN SIEGHART IN LONDON THE D-MARK sector of the Euro-bond market was awash with new issues yesterday, when three private placements and one public issue were launched.

The South African Department of Posts and Telecommunications is raising DM 150m through a public bond led by Berliner Handels und Frankfurter Bank. The issue is guaranteed by the Republic of South Africa and is the borrower's second public D-Mark issue.

It has a seven-year life and an 8% per cent coupon at par. Because of its relatively high coupon, it proved more popular than the other new issues, selling at a 1/4 point discount.

Österreichische Krotrollbank launched a DM 100m private placement through Bayerische Landesbank. This one is for five years and has a 7% per cent coupon at a price of 98 1/2. It is guaranteed by the Republic of Austria. The lead manager reported demand to be slow, despite the relatively high yield.

Security Pacific yesterday launched its DM 80m private placement - a day earlier than expected. The four-year maturity is short for the D-Mark sector and is probably designed to appeal to nervous investors. It pays a coupon of 7% per cent at

OVER-THE-COUNTER

Table of over-the-counter market prices for various stocks and bonds.

Nasdaq national market, 2.30pm prices

Table of Nasdaq national market prices for various stocks.

AMEV advertisement featuring 'Strong growth at AMEV' and 'AMEV Worldwide' sections, including financial highlights and a five-year record.

Arrow Capital N.V. advertisement with logo and text regarding annual general meeting and shareholder information.

CUMBERNAULD advertisement with large text 'WE DISTRIBUTE RIGHT, LEFT AND CENTRE, BUT WE'RE BASED OUT ON THE EDGE.' and 'TALK TO CUMBERNAULD, SCOTLAND WE'RE IN THE BEST POSITION TO HELP.'

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